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FBIS-LAT-95-233 *5 December 1995*

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Peruvian Daily Views Disagreements Within APEC

PY0412183495 Lima LA REPUBLICA in Spanish 20 Nov 95 p 16

[Editorial: "Cordial Disagreements"]

[FBIS Translated Text] The 18 member-countries of the Asia-Pacific Economic Cooperation (APEC) forum yesterday concluded their annual summit in Osaka, the second-most important city in Japan and the true industrial capital of that archipelago.

Since its creation in 1989 at an Australian initiative, APEC has been the center of attention due to its potentials. APEC countries represent 40 percent of the world population and generate 56 percent of the world wealth, in addition to the fact that this zone concentrates the fastest-growing economies, provoking fears within the EC that world trade could be transferred to that area by the 21st century.

These fears were more obvious last year during the summit held in Bogor (Indonesia), when the 18 countries agreed to take the necessary steps to establish a free trade zone in that region, for which they decided to seriously make efforts to liberalize their markets.

This free trade zone will begin operating as of the year 2010 for the developed countries of the group and as of 2020 for the others. But if something could be perceived during the Osaka summit — which was discolored by Mr. Clinton's last-minute absence due to the budgetary conflict with Congress — was that the implementation of this agreement for the time being will be easier on paper than in practice.

In fact, it was possible to perceive an effort by the United States, Australia, and New Zealand to achieve new measures to open up the protected market of the Asian countries, especially the Japanese market. This is a vital objective for the U.S. economy, because its trade balance with Japan continues in deficit.

These pressures have crashed against a Japanese barrier which would rather begin establishing sectors affected by liberalization, proposing for many of them what in a euphemistic language is called a "differentiated treatment." In sum, the options are to keep things as they are, or to change them in a gradual manner in order to reduce to the minimum the effects of an opening.

Concerning the agricultural sector, about which Japan has been resisting U.S. pressure to open its rice market, the Japanese delegates continued posing their resistance, practically proposing an exceptional clause.

For the U.S. surprise, Japan was supported by almost all Northeastern Asia — China, South Korea, Taiwan, the Philippines, and Malaysia — which are in favor of maintaining agriculture as a "differentiated sector." Canada, New Zealand, Australia, Thailand, and Singapore have been on the opposite side, which forced them to find a formu'a of more or less vague commitment.

This disagreement shows that even among the "tigers" of the Asian liberalism, agriculture is subjected to a special treatment, because in all of them there is a sector that receives a strong support, either directly through subsidies or indirectly through technical assistance.

Moroever, this meeting witnessed a confrontation of two positions, one maintained by Japan and most Asian countries, which want the APEC to be for the time being only a forum for consultation, and that of the Anglosaxons who see it as an organization of trade negotiations.

This is the reason why Japan is promoting cooperation and why it is the first country to release funds it is giving as development aid to Asian countries. This is a manner of expanding its zones of influence simultaneously with its markets.

In sum, what this summit has demonstrated is the existence of two visions concerning the future of APEC, and of the steps to be taken to consolidate them: one Anglo-Saxon (the United States, Australia, Canada, New Zealand) and another Asian. The latter one knows that it is good for its interests to propose multilateral negotiations to the United States in a regional forum, because the superpower used to be much more reconciliating than in a bilateral debate.

These tensions will probably be silenced by the final declaration, normally "in a positive" attitude and seeking solutions of commitment. But if something has become clear in this meeting is that there are at least two ideas and two different speeds among the member countries.

This should not call the attention, given the differences existing concerning the level of development among the 18 countries members and also the political differences which are now showing that the United States and Japan did not understand the same thing when at the Seattle summit (1993), President Clinton called for the emergence of a "New Community of the Pacific."

All the above, although they outline hasty enthusiasms concerning APEC, does not reduce its potential importance for countries of the region which has in it a forum of dialogue and of trade.

As is known, for the time being only Chile and Mexico are members of APEC for Latin America, while Colombia, Ecuardor, and Peru remain as observers and are proposing joining it.

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With them the APEC will reportedly consolidate its position as a regional integrating organization and at the same time it would be polishing up its unconcealable contradictions concerning the final objective, which is that of consolidating a great trade market. But everything leads us to believe that we are not yet there, and that the harmonization of such different interests will take more time than that suggested by the initial enthusiasms.

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Ministers Issue Declaration To Fight Money Laundering

PY0412220795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1951 GMT 2 Dec 95

[FBIS Translated Excerpt] Buenos Aires, 2 Dec (NA) — Thirty-four countries of the Americas today committed themselves to enacting laws providing for more severe punishment for money laundering and implementing all the necessary measures to seize the money and impound the assets of organizations linked to drug trafficking and other criminal activities.

This was formalized in a joint declaration signed within the framework of the Ministerial Conference on Money Laundering and Instruments of the Crime, which was brought to a close in Buenos Aires today. This summit meeting was presided over by U.S. Treasury Secretary Robert Rubin.

The declaration recommends classifying the laundering of drug money as a felony, enacting the necessary laws to combat those criminal activities, and taking measures so that countries may share financial and commercial information. [passage omitted]

During a news conference, [Economy Minister Domingo] Cavallo and Rubin were accompanied by Antinarcotics Secretary Gustavo Green — who was in charge of organizing the meeting — and Ronald Noble, assistant secretary of the U.S. Department of the Treasury.

The joint declaration includes, among other legal actions, the signing of multilateral agreements that will enable an "equitable sharing of the assets seized by the states that participated in the investigation and bringing to trial of money laundering cases."

The ministerial communique also recommends that laws pertaining to banks' confidentiality should be "reviewed" and that evidence to be used in money laundering cases that come up for trial should be exchanged. The Central Bank of the Argentine Republic is energetically working on this latter point.

Colombia's Pardo Predicts Cuba's Readmission Into OAS

PA0212222395 Havana PRENSA LATINA in Spanish 2005 GMT 1 Dec 95

[By special correspondent Ulises Canales]

[FBIS Translated Text] Guatemala City, 1 Dec (PL) — Colombian Foreign Minister Rodrigo Pardo said here today that Cuba's reincorporation into the OAS will occur sooner or later, once that regional organization manages to reflect the new political reality.

The South American foreign minister, who is participating in the first meeting of the council of ministers of the Association of Caribbean States (ACS), said that difficulties prevent Havana's reincorporation into the OAS in the near future, but that over a much longer period "this is bound to occur." The ACS ministers' meeting concludes Friday.

In response to a question from PRENSA LATINA, Pardo said that it will occur "once the OAS reflects a political reality — and this is already taking place — I believe that it is bound to occur sooner or later. Colombia would be very pleased with such a development because these organizations must reflect the new realities."

In 1962 Cuba was suspended from the OAS thanks to U.S. pressure, and the island's leaders have reiterated that Cuba will return to the OAS only when such a request is made by the same countries that requested its suspension.

Pardo explained that it is clear that the ACS is just another step in the normal trend toward Cuba's reincorporation into the political, economic, and commercial activities of the hemisphere [words indistinct] that is required to be able to tackle the problems that affect us all. This gives it credibility and political status." [no opening quote as received]

In Pardo's opinion, the fact that an increasingly larger number of countries oppose the U.S. economic blockade is also a indication in the same direction.

Continuing on that topic, he recalled the most recent vote at the UN General Assembly meeting and stressed that at that meeting 117 countries opposed the U.S. blockade.

Almost all the international forums and meetings held in the past few months have criticized the blockade on Cuba. The foreign minister pointed out that this has occurred all over the place: at the Rio Group summit in Quito, at the summit in Cartagena, Colombia, and at the Ibero-American meeting in Bariloche, Argentina.

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Cuba

Further on Castro Meeting With Shanghai Officials

PA0512044495 Havana Cuba Vision Network in Spanish 0100 GMT 5 Dec 95

[From the "NTV" newscast]

[FBIS Translated Text] President Fidel Castro arrived today in Shanghai as part of his tour through the People's Republic of China. At the Shanghai International Airport, Fidel was greeted by Huang Ju, Politburo member and party secretary of Shanghai, as well as other prominent officials of the local government. Here are our special correspondents reporting from Shanghai:

President Fidel Castro and his accompanying delegation arrived in Shanghai coming from Xian on Sunday evening. Shanghai is the third stopover of Fidel's visit to China, and thus, Fidel has completed a fourth day of intense work. Huang Ju, Politburo member and party secretary of Shanghai, as well as other local officials, greeted the president at the air terminal.

Shanghai is one of China's leading industrial and financial centers, located 1,800 km southeast of Beijing, the capital. A few minutes after his arrival, the commander in chief was officially welcomed by city officials.

[Begin unidentified speaker recording in Chinese with passage by passage translation into Spanish] [Passage indistinct] the past days have witnessed an intense effort by the local media to provide a complete coverage of the successful activities carried out by our distinguished visitor, Fidel Castro, in Beijing, which has pleased all of us very much. Today, the dynamic city of Shanghai is bedecked to offer its warmest welcome to our comrade president. With great satisfaction, we have confirmed in recent years the positive development of cooperation ties and economic exchange between Cuba and Shanghai. We are convinced that the current visit by our comrade president will undoubtedly contribute to the further development of ties of friendship and cooperation between our two peoples and the further expansion of cooperation and economic exchanges between Cuba and Shanghai.

[Fidel Castro] Dear comrade Huang Ju, dear comrades of the leadership of Shanghai, dear comrade Chen: I believe that today, we have achieved a [words indistinct]. We have been able to fulfill a long agenda to be here, in this hotel, at 0715 [as heard]. At 0715? At 0715. [Words indistinct]. We have been able to be in the hotel at 0715; go up a whole 35 flights; get everything out and get dressed to be here at 0745. [end recording]

During the Cuban delegation's stay in China they will tour the (Kianshao) export area and the Shanghai Stock Market.

Castro To Make Official Visit to SRV 8-12 Dec

PA0412165995 Havana PRENSA LATINA in Spanish 0805 GMT 4 Dec 95

[FBIS Translated Text] Havana, 4 Dec (PL) — The International Media Center, a branch of the Cuban Foreign Ministry, announced today that President Fidel Castro will make an official visit to Vietnam from 8 to 12 December.

According to a brief note from the media center, the president, who is right now touring China, will this way fulfill an invitation from Du Muoi, secretary general of the Communist Party of Vietnam.

Fidel Castro will arrive in Vietnam six days after the 35th anniversary of the establishment of diplomatic relations between that Asian nation and Cuba and almost two months after the visit by Vietnamese President Le Duc Anh to the island.

This will be Fidel Castro's second trip to the Indochinese country following his 12 to 17 September 1973 visit, when he became the first and only chief of state to visit Vietnam when it was engaged in a full-scale war of resistance against the U.S. aggression (1964-75).

During that war, Havana offered its solidarity to, and effectively cooperated with, the Asian nation. Vietnam's struggle for independence and national reunification found in Cuba special demonstrations of support and sympathy.

The Cuban authorities have repeatedly placed forth the Vietnamese example as one worth emulating in resisting the U.S. blockade and aggressions on the island.

The Cuban president has praised the economic model of Vietnam, which has been engaged in significant economic transformations without abandoning the socialist system.

Since the triumph of the Cuban Revolution in 1959, Vietnam became one of Cuba's closest Third World allies.

At this moment, when Cuba is facing an acute economic crisis due to the collapse of the European socialist camp and the tightening of punitive measures by Washington, the people of Vietnam have sent important contributions, especially food.

SRV Calls on U.S. To Halt Hostile Policy Toward Cuba

PA0412165795 Havana PRENSA LATINA in Spanish 0655 GMT 4 Dec 95

[FBIS Translated Text] Hanoi, 4 Dec (PL) — The Vietnamese Government today called on the United

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States to "halt its hostile policy of sabotage with the blockade against Cuba" and reaffirmed that Vietnam will continue to support Cuba "without any changes."

That stance was stressed here during an event to commemorate the day of solidarity with Cuba in the Asian-Pacific region and the 35th anniversary of diplomatic relations between Hanoi and Havana.

Tran Thi Thanh Thanh, minister of child protection and child care, in her speech stated that support for Cuba became a demand during an international conference in support of Cuba held in September in Calcutta, India.

The Helms-Burton bill, promoted by two U.S. congressmen to tighten the blockade, was rejected during the conference. Representatives from more than a dozen regional countries attended the event and Thanh Thanh headed the Vietnamese delegation.

The Vietnamese minister stated that "the United States is seeking all the ways to drown the Cuban revolution by tightening an ironfisted blockade and with actions aimed at undermining the country's internal situation."

"The Cuban people are not alone, they have an increasing number of worldwide support," Thanh Thanh affirmed, upholding, in addition, that "Vietnam and Cuba have become dear brothers."

The Vietnamese official said, as well, that "despite the difficulties and ordeals, Cuba continues to push ahead and is gradually overcoming them, expanding its relations, and recovering economically following the collapse of socialism in Eastern Europe."

Cuban Ambassador Tania Maceira also spoke during the event, indicating that the links between the communist parties, governments and peoples of the two countries are currently reaching a level of "absolute identity."

Maceira affirmed that the above, along with the absolute trust of Vietnamese and Cuban officials in their respective processes and the effectiveness of their mutual acts of solidarity, have become unique elements of their bilateral ties throughout time.

"These have been 35 years of close, indestructible, and clean relations in terms of understanding and trust," Maceira emphasized during the celebrations attended by high-ranking officials from the Communist Party, government, popular army, and organized masses of Vietnam.

Ambassador to Vietnam Comments on Relations

PA0512021295 Havana PRENSA LATINA in Spanish 1235 GMT 1 Dec 95

[By Roberto Gili]

[FBIS Translated Text] Hanoi, 1 Dec (PL) — Ambassador Tania Maceira today stated, on the eve of the anniversary marking 35 years of Cuban-Vietnamese relations, that the ties between the two states have fully matured without any shortcomings.

"The bilateral links between the two countries are currently crossing new and more solid paths and are especially marked by a solidarity and brotherhood for the one needing it most at this time, Cuba,' Maceira affirmed in an interview with PRENSA LATINA on the anniversary.

The relations between Cuban and Vietnam — Maceira said — established 35 years ago on 2 December 1960, can be taken as an example of friendship, solidarity, and brotherhood, without the shadow of a doubt.

Maceira added that these are "revolutionary processes that went hand-in-hand with the struggle for national liberation, based solely on the support of their people and their ideals of independence, sovereignty, and the building of a just society: socialism."

The "Doi Moi," a renovation enterprise that was started by Vietnam in the mid-eighties — Maceira said — has resulted from the Vietnamese leadership's assessment of the need to adjust the national socioeconomic development to the realities prevailing in today's global environment.

The Cuban diplomat stated that "Doi Moi's imposing achievements and real risks are systematically assessed by the Vietnamese leadership, to whom I profess our trust for its wisdom, experience, and the decision to maintain the national independence and sociopolitical direction that its people chose 50 years ago."

"We are certain — Maceira stressed — they will achieve it according to their concrete conditions without abandoning the principles they have fought for nearly a century."

Maceira noted, as well, that Cuba has learned from the experiences of other economic transformations in Latin America, Europe, and Asia, as well as those imposed by the international situation.

"Of course — she added — the Vietnamese experience, much more so, has been studied and analyzed to develop our economic transformation in these difficult times."

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That analysis — Maceira explained — will always take into account the concrete conditions of Cuba's socioeconomic development and, in addition, the peculiarity of facing a criminal economic, financial, and trade blockade for more than 35 years, which the most powerful of the imperialist countries is trying to tighten.

Tania Maceira will soon conclude her assignment at the helm of the Cuban diplomatic mission in this capital, after nearly four years. She stressed that "very sincere acts of fraternity from the heroic Vietnamese people in areas hard hit by natural disasters" rank among the best memories she has from her nearly four-year-long mission in Vietnam.

These memories the diplomat refers to involve a campaign launched here in the last half of 1994 to send a donation of 20,000 tons of rice to Cuba. The villages and communes located on the delta of the Mekong River, which were at the time hard hit by floods that left hundreds of casualties, made significant contributions.

"To represent the Cuban Government in Vietnam during this decisive period for my country in its struggle to survive and develop has been a very special privilege," she said.

She finally pointed out: "It has enabled me to enrich my knowledge of the heroism of these people, their determination to excel and, the most beautiful part of all, to maintain the principles of solidarity with their brothers in the struggle and ideals."

Foreign Minister on Opening of U.S. News Media Offices

PA0212014395 Havana PRENSA LATINA in Spanish 1806 GMT 30 Nov 95

[FBIS Translated Text] Mexico City, 30 Nov (PL) — Foreign Minister Roberto Robaina said today that the authorization President William Clinton granted U.S. news media to open offices in Cuba does not introduce anything new in that country's traditional policy of hostility.

According to Robaina, the announcement came in fact accompanied by remarks on the intention to stiffen the economic, commercial, and financial blockade through different means.

In an interview with Mexican daily EL SOL DE MEXICO, the foreign minister noted that the announced measures are governed by the so-called track two of the Torricelli law — to stiffen the blockade — which Cuba has already condemned because it tries to promote subversion from within.

In Robaina's opinion, the United States is seeking to continue its attempts to smother the island nation's economy and drive its people to despair, while it makes every sort of propaganda on the government's errors and the virtues of capitalism and the "good neighbor" from the north.

Instead of tinkering with his policy, President Clinton should have repealed the measures he adopted on 20 August 1994, banning Cuban emigres living in the United States from traveling freely to Cuba or sending remittances to their relatives, he added.

With regard to the press offices, Robaina added, the U.S. Government always forgets that any measure to be implemented in Cuba needs to be previously consulted with its government, and it also forgets that all news services have been authorized in Cuba except those from the United States.

The official regarded it as highly unlikely for Cuba to achieve an equitable news exchange with the United States for economic reasons, and foresaw that it will be necessary to seek solutions with the U.S. news media to ensure the presence of similar [words indistinct] not decided yet.

Robaina added that his country is not afraid of the reports that U.S. journalists may spread about Cuba: If in 36 years we have not been afraid of a direct military aggression, although there has been no shortage of threats, how are we going to be frightened by what one or several reports may do?, he asked.

Foreign Minister Defends Right to Regional Integration

PA0212031595 Paris AFP in Spanish 2149 GMT 30 Nov 95

[FBIS Translated Text] Guatemala City, 30 Nov (AFP) — Foreign Minister Roberto Robaina defended on Thursday his country's right to belong to the concert of American nations, without any political conditions, during the inauguration of the first session of the council of ministers of the Association of Caribbean States (ACS).

Cuba, which was suspended in 1962 as a member of the OAS, was able to rejoin a regional organization with the founding of the ACS, officially established in August during a summit held in Trinidad and Tobago.

The ACS is comprised of 25 American nations on the Caribbean Sea, with a market of more than 200 million consumers and an internal trade volume totaling $180 billion a year.

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"For Cuba, the ACS carries a special importance. We believe this is a scenario we have belonged to in a natural way and because there are no exclusions," Robaina said in statements to AFP.

Robaina stated that he felt "very comfortable" in Guatemala, a country that has no diplomatic relations with Havana and has been known for being strongly anti-communist.

The Cuban diplomat stated that "they tried to pull us out of the region artificially, but were unsuccessful. But we are here today, in a setting and in what would otherwise be the world's fourth largest economic bloc, which could mean a lot in economic and commercial terms."

Robaina added that "the fact that the ACS was established with the standard of no exclusions sets a good precedent for the rest of the blocs that were created based on discriminatory standards."

Cuba has much to offer its neighbors in the field of tourism, medicine, biotechnology, education, and health, Robaina said.

The foreign minister expressed his hope that the ACS "will not remain an institution of intentions but will go on to become an institution of practical actions in the Caribbean."

Cuba "has much to offer" the region despite the economic difficulties that the island is facing since the dismantling of the Soviet Union, the main economic support of Fidel Castro's system.

"The problem is one of great disinformation abroad, not only about what we have or do not have, but what is not known that we have," Robaina stated.

In that respect, Robaina affirmed that, mainly in education and health, "there are many things that other countries only dream about and which have been a reality in Cuba for many years."

Robaina said that Cuba has an investment law that has opened major possibilities for businessmen worldwide.

"One can now invest in Cuba in any sector except, as I said, in education and health, because we feel we do not need foreign investment in those fields," the official noted.

Robaina said that foreign firms have invested approximately $2.1 billion, although "it is not what the country needs nor what the country wants." He stated that the major investors are companies from Russia, Canada, Mexico, Spain, France, and Argentina.

During his stay in Guatemala, Robaina said he would meet with Guatemalan businessmen, political leaders, and President Ramiro de Leon Carpio, although he explained that his objective at this time is not the reestablishment of diplomatic relations nonexistent since 1962.

Alarcon Returns From Migration Talks in New York

PA0412011495 Havana PRENSA LATINA in Spanish 1846 GMT 3 Dec 95

[FBIS Translated Text] United Nations, 3 Dec (PL) — Ricardo Alarcon, president of the National Assembly of the People's Government, returned today to Havana after heading his country's delegation to the fifth round of talks on immigration with the United States.

The meetings were held on 27 and 28 November at the seat of the U.S. Permanent Mission to the United Nations and their main objective was, as in the four previous occasions, to analyze compliance with the accords on migration signed by the two countries in September 1994 and May 1995.

Heading the U.S. delegation was Anne Patterson, deputy assistant secretary for Central American and Caribbean affairs [title as received], who described these bilateral talks as frank and constructive.

In September of last year, the United States agreed to grant no less than 20,000 visas a year to persons interested in traveling to that country and not to allow the entry of illegal emigrants.

Cuba agreed to take measures within its powers to prevent unsafe departures, employing persuasive means.

In May 1995, after the third round of talks were held to review April's New York accords, the two sides expanded the scope of their agreements by pledging to process thousands of illegal emigrants confined in the U.S. Guantanamo Naval Base, as well as to return Cuban people intercepted at sea trying to enter the United States.

On that occasion, Cuba pledged not to bring to trial or adopt punitive measures against the people who were returned.

According to the criteria of the heads of the two delegations, expressed at the end of this fifth round, compliance with these accords is going well, and they will continue to be analyzed in Havana in about three months from now, although the exact date will be established through the respective diplomatic channels.

In addition to the talks, Alarcon conducted a program of activities in New York that included meetings with representatives of different U.S. sectors and the news media of the largest city in the United States.

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Raul Castro: FAR Develops Despite Economic Crisis

PA0212043895 Havana PRENSA LATINA in Spanish 2001 GMT 1 Dec 95

[FBIS Translated Text] Havana, 1 Dec (PL) — Army General Raul Castro, minister of the Revolutionary Armed Forces (FAR), stressed here today the existence and development of the defense institution "despite the current (economic) difficulties."

In statements to the press after a ceremony to commemorate the 35th anniversary of the "Nico Lopez" Higher Education School of the Communist Party, the minister asserted that the FAR had implemented all its programs during 1995. This, he said, was detailed at a recent military council.

After reviewing things that have been done and preparing a program for 1996, he added, we can announce the consolidation of the "War of all the People" doctrine (a strategy that combines regular and irregular warfare in case of aggression from abroad).

Recalling that the Cuban armed corps celebrate its 39th anniversary on 2 December, the defense minister said he was proud of the soldiers and officers, as well as of the Youth Labor Army, whose members dedicate most of their time to agriculture production.

He declared that he was ebullient on the eve of FAR's anniversary, which goes back to when the rebel army was organized. This army was headed by Fidel Castro, and it toppled the dictatorship of Fulgencio Batista three years later (1959).

Raul Castro reported that the FAR's 40th anniversary in 1996 will be celebrated with a military parade at the Revolution Plaza in Havana, a site where many of the island's important political events have taken place.

Raul Castro Attends Swearing In of University Militia

PA0212050095 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 28 Nov 95

[From the "NTV" newscast]

[FBIS Translated Text] Army General Raul Castro attended a ceremony held at La Punta esplanade to commemorate the 124th anniversary of the murder of eight medical students. He also attended a ceremony to mark the reorganization of university militia, which was followed by a march summoned by the Federation of University Students [FEU] on the occasion of the anniversary.

The university esplanade became the starting point of the students march once again. University students had two reasons to assemble on this occasion. Delegates of the reorganized university militia swore loyalty to Fidel and the revolution, and committed to maintain Cuban universities as bastions of the fatherland, during an emotional swearing in ceremony attended by Raul Castro in Maceo park.

While this ceremony was being held in Havana, university students nationwide incorporated into the militia inspired by the rebellious tradition of the Cuban student body, and aimed at a more functional organization.

Today, FEU members reorganized their militia in Isle of Youth also. Students swore to defend the fatherland on the occasion of the ceremony to commemorate the 124th anniversary of the murder of eight medical students, and they received university militia banners.

In Pinar del Rio, students also gave a step forward when the FEU summoned its affiliates to defend the fatherland, to improve production and to achieve military readiness. Matanzas province held a similar ceremony during which over 3,000 university students incorporated to the university militia.

In Havana, students marched with Raul Castro to La Punta esplanade after the swearing in ceremony — San Lazaro street witnessed their slogans and chants once more — until they finally arrived to the place where eight innocent lives were taken, at which FEU national president Alejandro Garcia swore to defend the revolution in the name of all Cuban students.

Politburo member Maria de los Angeles Garcia recalled the first militias, and said that they are the best answer to those attempting to divide the Cuban people, who have a strong bastion in their university students.

Raul Castro Marks 39th Anniversary of FAR

PA0412002795 Havana Radio Havana Cuba in Spanish 0000 GMT 3 Dec 95

[Speech by General Raul Castro, head of the Revolutionary Armed Forces, FAR, marking the 39th anniversary of the FAR; date and place not given; from the "Evening Information Review" newscast — recorded]

[FBIS Translated Text] In this year that is about to end, the Revolutionary Armed Forces [FAR], in addition to satisfactorily complying with all its assignments and increasing combat level readiness, has made its modest contribution to the economy despite current limitations.

I do not have on hand the exact information, which I can broadcast to the country on some other occasion once the year is over. It amounts to hundreds of thousands of metric tons of food, which is a contribution to the

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economy and protects the people, without counting the Armed Forces' own production for its self-supply.

This effort we make, which we consider modest, is because we are very aware that, as we said at the sixth congress of our union of FAR civilian workers in April, the only path that will permit us to dedicate more resources to feed the people is work. But this must be productive and efficient work, taking into account our own efforts.

We must take into account and get it into our heads that we are a poor country in which the single-crop sugar still bears the basic weight of our economy. In other words, we shall have only what we are capable of producing using our hands and our intelligence.

We could say that the strategic concepts of combat readiness — strategically speaking — are of vital importance for us and our country the people's state [words indistinct], the state of satisfaction of its basic needs. That is why, in addition to our self-consumption production efforts, which are already considerable thanks to our glorious and admired Youth Labor Army [EJT] that makes gigantic contributions to the economy, which I repeat, we consider modest, we shall continue to do this for the sake of our people. [sentence as heard]

On the one hand, what we produce for our self-supply means less resources that the economy has to give us. In addition, what we produce through the EJT goes toward the people's consumption. I can also tell you that today more than ever, our high-level of troop morale and combat readiness, command cohesion, and rank purity constitute a fundamental pillar in defending the conquests of our revolution and socialism.

As I said during our civilian workers congress in April, we continue and need to continue to be the nation's raised sword. As I mentioned on that occasion, Marti's sword, Fidel's sword, is our worker's sword.

Today this is essential [words indistinct]. The transformations, steps, and reforms we have been forced to undertake during this difficult stage in the special period cost our people plenty to achieve political power, true political power. Those of us who are no longer young especially remember what the opposite was like. This is what can never be lost — the political power of our working people, the patriotic people of Cuba. This is very important, as you must realize.

On the occasion of the 39th anniversary, I want to send warm congratulations to FAR combatants and civilian workers in the name of the Communist Party of Cuba and the government, the commander in chief, and myself. I want to urge you as well to continue forging ahead, working just as you are now in order to be able to celebrate with satisfaction and dignity in within one year the 40th anniversary of the Santiago de Cuba uprising on 30 November, the landing from the vessel Granma, and the FAR's day.

General Raul Castro Announces Granddaughter's Birth

PA0312185995 Havana Radio Rebelde Network in Spanish 1800 GMT 2 Dec 95

[From the "National Radio News" newscast]

[FBIS Translated Text] In an interview granted to "Doing Radio," Army General Raul Castro shared his happy news: His fifth granddaughter was born only a few hours before the 39th anniversary of the landing of the GRANMA.

[Begin Gen. Castro recording] On this occasion, I want to pass on news that I do not often make public. I rose very early today to visit one of my daughters in the hospital. At noon yesterday, my daughter had a daughter, which means that I now have five grandchildren. As a matter of fact, my sixth grandchild is expected in early 1996.

My wife Vilma and I hoped the baby would be born on 30 November, the day of the uprising in Santiago de Cuba, which she took part in 39 years ago under the leadership of Frank Pais, Interior Minister Abelardo Colome, and several current army generals. We would have also preferred the baby had been born on 2 December, when I landed from the GRANMA. However, the baby had something else in mind and was born at noon yesterday. This is it. Now, I am going to visit the baby, and later, I will continue with my other activities. [end recording]

Foreign Ministry Spokesperson on Repatriates, Bosnia

PA0212003595 Havana Radio Havana Cuba in Spanish 0000 GMT 1 Dec 95

[Report by Barbara Betancourt; from the "Evening Information Review" newscast]

[FBIS Translated Text] Marianela Ferriol, acting spokesperson for the Cuban Foreign Ministry, announced, in her usual meeting with local and foreign reporters, the end of the repatriation process of Cubans from the Cayman Islands, where they had first landed illegally.

[Begin Ferriol recording] The repatriation of the 13, repeat, 13 boatmen who remained in the Cayman Islands was completed on 21 November. According to the agreements between the two parties, and particularly

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due to the interest of Cayman Islands authorities, every Cuban landing illegally in the Cayman Islands will be repatriated once the Cuban and Cayman authorities coordinate actions for identifying and receiving them.

Answering a question, Ferriol said Cuban authorities have asked the Cayman authorities for a detailed report on the circumstances of the repatriation of the second group of illegal Cuban immigrants because two of them arrived in a delicate health condition and others also had injuries, although not as serious. As a result, the repatriates were immediately taken to hospitals so they could get expert medical attention. In an initial communication, the Cayman Islands Government said it had been necessary to use force against these Cuban citizens because they resisted the authorities at the time they were deported. An investigation is being conducted to report to the Cuban authorities.

On a different matter, Ferriol reported that the UN General Assembly approved by 142 yes votes, four no votes, and four abstentions a resolution introduced by Cuba and endorsed by the Nonaligned Movement on compliance of the environmental standards in the drafting and implementation of the disarmament and armament control agreements. She also reported on a communique released by the Cuban foreign ministry on the agreements recently attained by the belligerent parties to establish peace in Bosnia and Herzegovina and the former Yugoslavia in general.

[Ferriol] We trust that the regions that once constituted the former Yugoslavia will establish normal relations and true peace among them as soon as possible.

The reporters asked about remarks against the Cuban Government in Miami by Jose Maria Aznar, leader of the Spanish Popular Party, who met in Miami with leaders of the most reactionary sectors of the Cuban emigres.

[Ferriol] This is not the first time that Popular Party delegates meet with these gentlemen. We respect each person's right to meet with whomever he wants. In addition, we are not in the habit of making official remarks about apparently hostile speculations and press dispatches. We are not used to jumping to conclusions. [end recording]

Robaina Meets with De Leon Carpio, Candidates

PA0212024895 Havana Radio Havana Cuba in Spanish 1300 GMT 1 Dec 95

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Guatemalan President Ramiro De Leon Carpio met with Foreign Relations Minister Roberto Robaina and exchanged views, which were defined as cordial and friendly. Robaina is attending a minister's meeting of the Association of Caribbean States in the Guatemalan capital. During the interview, the Guatemalan president showed interest in Cuba's real situation and expressed his opinion that only Cuba should decide solutions for its current problems.

Meanwhile, Robaina asked for information regarding the peace negotiations and most recent activities being carried out in that Central American country. Robaina also explained to the Guatemalan president Cuba's political, economic, and social realities.

On Thursday, in separate meetings, Foreign Minister Robaina met with National Vanguard Party presidential candidate Alvaro Arzu and the Guatemalan Republican Front presidential candidate, who will face each other in the second round of the elections on 7 January.

Pact Signed With Argentina To Promote Investments

PA0212040895 Havana PRENSA LATINA in Spanish 0239 GMT 30 Nov 95

[By Francisco Forteza]

[FBIS Translated Text] Buenos Aires, 30 Nov (PL) — The governments of Cuba and Argentina today signed an agreement in this capital for the promotion and protection of investments, which will facilitate the increase of bilateral economic cooperation.

Justice Minister Carlos Amat and Argentine Foreign Minister Guido Di Tella signed the agreement in a ceremony held at the Foreign Ministry.

Personalities from both countries were present, including Jorge Campbell, Argentine Secretary of International Economic Relations; Argentine Ambassador Nicolas Rodriguez, and Enrique Gomez, Cuban foreign trade representative.

A spokesman from the Argentine Foreign Ministry told PRENSA LATINA that the agreement "is an instrument aimed at creating favorable conditions for investments from both nations, and at the same time intensifying economic cooperation."

"In general terms, the source stressed, within that scheme the agreement contemplates national and non-discriminatory treatment, the transfer of investments and profits, the subject of possible expropriations and compensations, and the solution of controversies between the contracting parties, including the creation of arbitration courts."

"I believe, he stressed, that the document is very important for both countries, and for Argentine investors

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who are planning or willing to invest capital" in the Caribbean island.

Meanwhile, Minister Amat viewed the protocol as an additional step for the consolidation of relations between both countries.

"There is no doubt, he stressed, that this agreement creates a climate of security and confidence for people interested in developing business in our country encouraged by the new national law on foreign investments."

He noted that he has found in Argentina — where he has been since Monday — a very receptive attitude from the authorities regarding the economic process currently taking place in Cuba "and there is willingness to collaborate with it."

He said he has seen great interest among Argentine investors with regard to Cuba. "A number of them have already traveled to our country to study those possibilities," he added.

Undoubtedly, he said, from now on those contacts will be expanded and expedited.

Amat participated in Buenos Aires in a regional ministerial seminar on multinational organized crime. The participants in the seminar analyzed from Monday to Thursday, cooperation plans to fight drug trafficking and other crimes.

Amat was received, among other personalities, by Alberto Kohan, secretary general of the Argentine presidency.

Amat will end his visit in this capital with meetings on Friday with businessmen and economists at the Trade Center and at the College of Graduates of Economic Sciences, where he will deliver lectures on the Cuban foreign investments law.

Sugar Minister on Improving Work System, Efficiency

PA0212051695 Havana Cuba Vision Network in Spanish 0100 GMT 29 Nov 95

[From the "NTV" newscast]

[FBIS Translated Text] Boards [salas] to control and analyze the agricultural and industrial systems will be established during the next sugarcane harvest nationwide.

Agricultural and industrial efficiency will be controlled by these boards at local, provincial, and national level. The implementation of this system was reported during a seminar on the utilization of boards of control and analysis, which assembled grass roots leaders and officials. The system will rescue important elements, such as technological discipline, and agricultural and industrial efficiency.

This was the last of eight seminars which assembled mills specialists, such as chiefs of machinery, manufacture, agriculture, and transportation, managers, directors, and chiefs of control boards.

Sugar Minister Nelson Torres stated that the seminars are part of the process of improving personnel's training, to establish order and discipline. He said that it is time to act to guarantee efficiency.

[Begin Torres recording] We are ready to take the leap that we hope for. This is what the work system aims at. We must improve the system during the first year, and improve it even further during the second year. I am sure that many ideas and initiatives will come about, and that we will have to work harder, and take advantage of everyone's experience to improve the system. [end recording]

Officer Defends Mines as 'Means of Defense'

PA0512033195 Mexico City NOTIMEX in Spanish 0011 GMT 3 Dec 95

[FBIS Translated Text] Havana, 2 Dec (NOTIMEX) — Luis Cuerdo Tuero, a lieutenant colonel of the Cuban Armed Forces [name and title as received] defended today the right poor countries have to fabricate and plant mines, [words indistinct] cheap and efficient weapon," as means of defense against foreign aggressors.

"How could they renounce to the use of mines, as a strict means of defense, while the United States develops all its offensive systems, from nuclear to conventional weapons at great speed," Cuerdo noted.

An article published by the local press quoted Cuerdo as saying that U.S. and European demands for a ban on the use of mines are based on economic and military interests "as they would limit the use of this efficient weapon by the third world poor."

Cuerdo added that specialized publications from those countries deplore that due to domestic conflicts 60 million mines were planted in the past 15 years.

He noted that "as an act of legitimate defense" the Indo-Chinese countries were forced to reject foreign aggressions "with all the means at hand" among others, the use of antipersonnel mines "due to their relative low cost."

Cuerdo said the United States and Europe are trying to win support for this prohibition, "without making an evaluation of the true causes why those countries use mines".

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Unionization of Self-Employed Discussed

PA0312001295 Havana Radio Rebelde Network in Spanish 1700 GMT 18 Nov 95

["Straight Talk" program hosted by Osvaldo Rodriguez, with guests TRABAJADORES reporters Eloy Concepcion and Renato Recio]

[FBIS Translated Text] [Rodriguez] Unionizing self-employed workers is the topic we will discuss today with TRABAJADORES reporters Renato Recio and Eloy Concepcion. This is a follow-up subject in "Straight Talk." Recently, when it was published that the CTC [Cuban Workers Federation] proposed the possibility of unionizing self-employed workers, we discussed the subject and mentioned some ideas. I invite you to express your views. Renato?

[Recio] We bring up this subject again because our station, Radio Rebelde, has been analyzing it in our program "Doing Radio." In my opinion it has been doing a good job, from the journalistic point of view. There have been opinions from everybody. It was a widely debated topic. It is a subject that is currently being debated at the popular level, and therefore there is still much interest.

I believe there are many doubts and questions, and therefore we will have to continue the discussions. One of the questions I have heard from workers is if this is a voluntary or compulsory affiliation. I have answered — based on my criteria, and I believe this has been clarified — that this is a voluntary action. Unionization in Cuba... [pauses] People join unions voluntarily. No one is forced to do so. There are places where it is compulsory. If you want to work in a specific sector or place, you must join the union. In Cuba, however, it is voluntary. I believe it will continue the same way.

Still, there are many doubts. One of those doubts is what kind of organization will it be? A sectorial one? A branch? Some people believe it should be a new organization, not linked to the current unions.

[Rodriguez] You do not seem to agree with that; apparently you believe it should be a branch. Let us see what Eloy thinks.

[Concepcion] I agree. In fact, I have talked with many self-employed workers, and I believe that more than anything else, there are some doubts. There is a major doubt. Despite all the efforts conducted by the unions during the past few years, as well as by the CTC as the leading union, there are still people who do not see the union as something useful. In other words, they ask: Why should I be in the union?

The other day I was talking with a self-employed worker, who asked me: What benefit will I get from being part of a union? We must find the right answer for this question. We must also take into consideration that those workers belonged to a union before, in a specific area.

[Rodriguez] The majority of them did.

[Concepcion] Yes, the majority of them; I believe that most of them were workers who belonged to some union. Some of them are somewhat disappointed because they did not see the union as it really should be. I believe the country is adopting measures... [pauses] Changes are taking place, economically, that will have a strong effect, more each day, on union activities. In other words, self-employed workers, or workers in any field must see the unions as necessary organizations. This seems to be the feeling among some workers, who say: I do not need to be in a union, which will only charge me union fees, while I do not see any action by the union on matters that concern me as a worker.

[Rodriguez] I believe, Renato, that Eloy has highlighted an interesting topic, which is the lack of confidence that perhaps some self-employed workers may feel because they remember our unions as organizations that are basically in line with supporting production efforts, and efforts to organize working centers. Therefore, I believe that self-employed workers need someone to defend their interests. Do you agree?

[Recio] Well, first of all, I believe we must separate two subjects we have inadvertently put together. First of all, the problem of unions, what they have been, what they are, and what they will be. Unions in general. The other subject is the problem of self-employed workers within a union. I will disagree, because I have my own views regarding the problem of what unions have been, what they are, and what they will be. First of all, I will refer to the problem that brought us here.

[Rodriguez] Go ahead.

[Recio] I believe the most controversial point is precisely how affiliation must be structured. There is no doubt that self-employed workers realize they have their own interests, that they have specific interests that at a given time could contradict guidelines, laws, regulations, and that someone... [pauses] In other words that they must organize in order to defend their interests. That is clear. Now, in my opinion, what a self-employed worker asks is: Why should I join x or y union? Why not create an organization that will generalize in one body the interests of self-employed workers? I believe that is the big issue.

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There is an argument, however, which I even heard from you, which I feel is very reasonable. What it says is that unions in Cuba are not determined by the type of property.

[Rodriguez] Of course not.

[Recio] In other words, here it is not necessary to create a union for cooperative units, for example. There is no such union. There is no need for a union of state workers, there is no need for a union of mixed enterprise or private enterprise.

[Rodriguez] They do not exist in other parts of the world either.

[Recio] Unions are not organized that way. In addition, in Mexico, for example, I saw that workers employed in the informal economy, which is so common in Latin America — vendors, craftsmen, etc. — are affiliated with a central union in Mexico. Normally, there are hundreds of thousands...

[Concepcion, interrupting] Yes, of course. However, here in Cuba there is an organization which is not a union, but which is determined by property. This is the case of ANAP [National Association of Small Farmers].

[Rodriguez] Yes, but it is not a union.

[Concepcion] Nevertheless, I have talked with people about this, and people use this example. They ask: Why? What are the reasons, arguments, for not having an organization regardless of whether it is called union, or association of owners, or self-employed, independently of this problem? Logically, I agree that it should not be done.

[Recio] But you interrupted me, Eloy. Will you let me continue?

[Concepcion] Yes, continue, I am sorry.

[Recio] Look, evidently, ANAP exists, but it has a tradition. Peasant property in Cuba had a historical basis.

[Rodriguez, interrupting] And it was created before the unions.

[Recio] They were created before the unions. Peasant [word indistinct] came before. After the triumph of the revolution, ANAP became a way of organizing people who were not earning a salary, but were somewhat linked to property. In this case, however, we are talking of a recent institution, the self-employed workers, for example. We now know they are going to increase in numbers, and that they are important for the economy. Everybody knows, however, because it is only logical, that what is happening today with the self-employed workers will not happen tomorrow. I am referring to the fact that today we have self-employed workers who have high incomes which not only surpass the salaries in the government or nongovernment institutions, but higher than the income earned by cooperative members, and even higher than the income of peasant owners.

We are living in a transition period, because nowhere in the world can self-employed workers, a man who for example sells light products at a corner street, receive such a high income.

[Rodriguez] Eloy, it's your turn now, because Renato has spoken most of the time.

[Concepcion] That's OK. I agree. How can this be done in practice? I have discussed this with the self-employed workers. How can this be done in practice? For example, as you said a vendor who sells food products in the streets... [pauses] What union will he be affiliated with? A working center located near the place where he carries out his activities? The CTC? In other words, how can this be done in practice?

I see this as a difficult problem, too. I do not... [pauses] if in Old Havana there are 100, 200, 300 street vendors what regional, with which local union will they be affiliated? A working center for food service activities? A working center for services? What union will those vendors belong to in relation to the place where he carries out his activities? It is a problem that is not clear to me.

[Rodriguez] There is no official answer?

[Recio] There is no official answer, but I will give you my opinion. Of course he will not be affiliated to a working center, because a working center is something else. Self-employed workers are linked to a territory, to the popular councils in a territory, and therefore it should be a territorial affiliation. In other words, self-employed workers in a specific activity are linked to the interests of a given territory.

[Rodriguez] So in your opinion, should a sectorial union be created?

[Recio] Territorial. I do not know if it should be sectorial or territorial. The truth is I do not have the word. I do not know what structure it will have. What we know is that this union will have territorial interests, and will take care of problems related to that territory. In those territories... [pauses] There is a regulation that says that self-employed workers from one municipality cannot work in another municipality.

Assuming that the union is a territorial one, it would be necessary to create an organization called a territorial union, or representing self—employed workers in a

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specific municipality, or self-employed food service workers.

[Rodriguez] The decision within the municipality is a local decision of Havana City. It is a decision made by the Administrative Council of Havana City.

[Recio] This is so because Havana has many municipalities, while other places have only one municipality.

[Rodriguez] No. Other places do not have only one municipality. In the province of Ciego de Avila, Ciego de Avila is the capital, as well as a municipality.

[Recio] Yes. However, someone from Moron can come sell his goods in Ciego de Avila and vice versa.

[Rodriguez] But they are very far apart.

[Recio] I only want to stress my point that this is a local decision made by Havana City.

[Concepcion] I want to refer to the topic we discussed at the beginning, since Renato did not do it. There are several concerns regarding this topic. Whichever union workers join — be it a restaurant workers' union or whatever other union, according to the worker's activity — self-employed workers are concerned that this union actually meets their needs. I believe that we must have a union with a new outlook, because self-employed workers have special needs, which are often quite different from those [words indistinct]. Those union leaders assigned to that certain territory, that place for self-employed workers must also have a different attitude.

[Rodriguez] We are running out of time. I invite you to summarize our discussion.

[Recio] Allow me to do so. Today's and tomorrow's union, particularly, is a different one from the one we have seen thus far. There was specific reason for the type of union we had. That type of union was designed in keeping with the system we lived in, our life-style, and our institutions. Currently, we live in a diversified world, in which many economic players interact.

As time goes on, the number of different economic players will continue to increase, and in light of this, the union's role must grow in many ways.

The union of the future, the union we are visualizing will be responsible for harmonizing the individual interests of the union member, the worker; the interests of the territories; and the interests of the country. The union of the future will not be able to disregard individual interests. This change will take place, and it is already taking place in other sectors.

[Concepcion] It is the same union, but the leaders have a different view.

[Recio] Because this union must meet the needs of a changing country.

[Rodriguez] Unquestionably, you are both partly correct. However, this is a topic we must continue discussing. Thanks.

French Ambassador Grants Energy Sector Donation

PA0212051795 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 28 Nov 95

[From the "NTV" newscast]

[FBIS Translated Text] On 27 November, French Ambassador to Cuba Jean Raphael Dufour and Raul Taladrid, vice minister of foreign investment and economic cooperation, signed an agreement whereby France grants 10 million francs to the Cuban energy sector. This financial agreement marks the beginning of the second phase of a 30-million-franc donation — approximately $6 million — to improve oil processing in Cuban electricity plants.

In addition, the Cuban and French Governments signed a food aid agreement, whereby France donates $200,000 in vegetable oil and powdered milk. The French ambassador commended the Cuban Government's efforts to take full advantage of these resources.

[Begin Dufour recording] Naturally, Cuban specialists have come together to take full advantage of the French donation designed to increase electricity plants' productivity and efficiency. [end recording]

EJT Chief Hernandez on Adequate Food Supply

PA0512003795 Havana Radio Rebelde Network in Spanish 1255 GMT 2 Dec 95

[Second part of interview with Brigadier General Juan Antonio Hernandez, head of Youth Labor Army [EJT], by "Doing Radio" newscast reporter Marieta Cabrera; place and date not given — recorded]

[FBIS Translated Text] At this time, Marieta Cabrera will continue with an interview she had begun with Brig. Gen. Juan Antonio Hernandez, head of the EJT high command.

[Cabrera] To accomplish more efficiency and systematization are two of the main objectives, in this respect, EJT Brig. Gen. Juan Antonio Hernandez said:

[Hernandez] I believe those are the two words for today: efficiency and systematization because the EJT is closely linked to two of the revolution's key objectives: to ensure an adequate supply of food for the population,

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as well as to guarantee those items that will bring about currency for the country.

[Cabrera] General, the EJT has historically been described as the country's most productive force. Will it continue this trend?

[Hernandez] Increasing productivity has always been the EJT's historical objective. For example, the sugar harvest, during two of the first 20 years, the EJT was awarded the highest productivity awards. However, this is not to be construed as a race. There are several civilian groups such as the [word indistinct], and several other cooperatives that are a highly productive. We always aspire to ensure ever increasing levels of productivity. We even try to encourage [word indistinct] to do more, which has allowed us to work with the individual which has in turn led to an increase in work productivity. It is a historical purpose which we intend to raise in the near future.

[Cabrera] What are the EJT's perspectives for 1996?

[Hernandez] Consolidate our branches and enterprises, raise the political conscience and discipline of our troops, as well as maintain the current levels of self-financing. For the past two years the EJT has been able to finance all of its activities. In addition, we intend to continue contributing to the defense budget, and strengthening ties with the communities close to the barracks, [words indistinct] to the sugar production. Of course, one of the EJT's prime missions which is complement the country's defense plans.

[Cabrera] Without any doubt, 1996 will be an important year for the EJT when it intends to ratify two well-earned recognitions. The first one, bestowed by the Revolutionary Armed Forces minister in describing the groups as the pride of the Armed Forces, and the second, the acknowledgment received everyday from the population.

Report Views Commemoration of National Defense Day

PA0512020795

[FBIS Editorial Report] The "NTV" newscast of Havana Tele Rebelde and Cuba Vision Networks in Spanish at 0100 GMT on 4 December 1995 broadcast a report on the activities to commemorate the National Defense Day.

Today 3 December, National Defense Day, the province of Havana was the country's first territory to declare its seven municipalities protected. Havana residents are prepared to lodge 800,000 people in popular (?hotels). During today's events, devoted to commemorate the 39th anniversary of the Granma's landing and the Latin American Medicine Day, Bejucal was declared a territory with protected population. An unidentified person says the province of Havana is very important in the capital's defense because the enemy, to reach Havana, would be forced to land at the accesses to the capital. He added that Havana's residents are prepared to defend the capital and turn into a cubic Stalingrad. A commission of Armed Forces Ministry officer members, Western Army officers, and leaders of the provincial party and government observed Havana's preparation of the theater of operations and visited a particular firing station.

Firing practice, grenade launchings, and camouflage took place today in various areas of the Western region with the participation of civilian workers and military personnel.

A political event to close the National Defense Day activities was held in the morning in the Managua-La Guacima People's Council. Founders of the revolutionary militia received a certificate signed by the Commander in Chief. People who distinguished themselves in the defense also received awards. Three brigadier generals were awarded the coin symbol of the Arroyo Naranjo municipality for its contribution to the Managua community.

Correspondent Rafaela Balanza reports from Las Tunas on the mass attendance of militiamen and special units members to the National Defense Day activities in this province. Las Tunas is one of the objectives to be controlled on the Inspector's Office's instructions to the Eastern Army from 5 to 11 December. General firing, tactics, evacuation, airport protection services, as well as other services related to the economy were carried out. Activities that included honoring health workers, planting tree seedlings, and preparing the theater of operations were also conducted in Las Tunas' eight municipalities.

Vinales municipality in Pinar del Rio province is the first one in the Eastern Army's jurisdiction to be declared as protected on instructions from the second secretary of the Communist Party of Cuba's Central Committee. Vinales is also the first municipality in this province to be declared prepared for the defense in the second stage.

All of the Isle of Youth's defensive systems were activated. In addition, there were checking exercises, which closed the year of instruction. The younger ones also participated in the day's activities.

In Matanzas province, thousands of people participated in the activities to commemorate the National Defense Day.

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As everywhere else, production and defense units, militia, and reservists mobilized in Villa Clara province today. Exercises and demonstrations were conducted as part of their preparation of the War to All the People.

In the General Serafin Sanchez Valdivia plaza of the revolution in Sancti Spiritu, health workers participated in the national event to commemorate the Latin American Medicine Day.

Santiago de Cuba also participated in the commemoration of the National Defense Day with the presence of Commander Juan Almeida Bosque.

In Guantanamo, the preparation for defense coincided with the activities of the pioneers that started on Saturday to commemorate the 39th anniversary of the Granma and the National Defense Day.

Commentary on Measures To Halt Economic Decline

PA0512024295 Havana Radio Havana Cuba in Spanish 0000 GMT 2 Dec 95

[Commentary by Barbara Bethancourt; from the "Evening Information Review" newscast]

[FBIS Translated Text] The signs of recovery that the Cuban economy is showing are not only due to an increase in the production levels of the main sectors, with the exception of the sugar sector, but to an improvement in the country's financial situation.

Before I go on, I would like to recall two figures that were often mentioned during 1993 within the context of the national debate on the measures that had to be implemented to curb the nation's financial deterioration. The fiscal deficit this year surpassed 5 billion pesos, during 1994 it was reduced by almost 40 percent and a similar drop is expected this year. Thus, the estimated deficit is approximately 1 billion pesos.

In remarks to the weekly OPCIONES, Economy and Planning Minister Jose Luis Rodriguez highlighted that the reduction of the subsidy for losses has notably affected the deficit figure. As an example, he cited the more than 3 billion that the Cuban state had to grant to sugar cane farming and the sugar sector in 1993 and the more than 700 million that it gave to the non-sugar sector. The first subsidy mentioned here dropped by 40 percent and the latter has only amounted to 55 million in the first half of this year.

Rodriguez stated that not all sectors have the possibility to afford a radical reduction because current conditions do not permit the elimination of the subsidy which guarantees a certain production. This is the case of milk and other food products which people acquire through controlled sales.

The other issue that came up often pointed to the surplus of currency in 1993. That year, liquidity totaled 11.5 million pesos, but until October of this year, the total liquidity amounted to (?9.15) million, and 64 percent of this figure was found in savings account and the rest was cash in the hands of the people.

Minister Rodriguez acknowledged that there is some rebalancing [reequilibrio] in domestic finances, but this process is not finished and must continue next year with another package of measures that were started or recently announced corresponding to the second phase of the restructuring of domestic finances. In the words of the economy and planning minister, they are more precise measures, namely, those aimed at channeling the surplus liquidity from where it is centered. To that effect, new tax measures have been imposed, affecting self-employed workers and dealing with certain adjustments to nonexisting taxes.

This would make it possible to guide the economic policy with greater fairness than if it done based on price increases, something that hurts everyone alike. In this case, Rodriguez, explained, people will be affected in line with the level of income and resources they have accumulated. This process is more complex and much slower than that of the first phase, but it must contribute to reduce surplus liquidity until reaching the balance the economy requires.

Moreover, the analysis done on this topic cannot ignore that Cuba in addition to having market in local currency has another market in freely convertible currency, which every day shows more signals of expansion, hence the need to take measures regarding both. On this matter, the minister said we are drawing close to a phase in which we are going from the actual circulation of freely convertible currency at the retail level to the circulation of convertible pesos until this kind of money becomes forced legal tender, whenever the market and the circumstances advise it, meaning that it actually replaces the dollar. This situation would not mean that having dollars would be illegal, but rather, that to purchase in stores that sell in that currency it will be necessary to exchange dollars for convertible pesos.

This would not be a formal measure, since it will instead make it possible to strengthen the control over the country's monetary system, a control that has currently been reduced inasmuch as the circulation of a currency that Cuba does not issue, comes from abroad, and over which it has no control has been accepted. At the same time, banning the circulation of foreign currency will help to concentrate resources in freely convertible

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currency that will help not just to back the convertible peso but also to conduct financial operations in the interest of the state. There are other formulas that are being implemented to eliminate gradually the dual circulation of currency. These measures include the direct purchase and sale of freely convertible currency by the people in a legally private entity, namely, Exchange House, Inc., Cadeca. These measures also allow a certain level of state intervention in an activity that had only been conducted in the informal market.

Based on very partial results, there will be more specific measures leading towards having local currency as the entire monetary circulation. This process requires time and is not purely financial. As with the rest of the financial indexes the country must raise, an increase in levels of production has a strong influence in this area, as this is the only way the Cuban peso may regain its value.

Roundup of Politburo Members' Activities Through 1 Dec

PA0212182495

[FBIS Editorial Report] The following is a compilation of reports on the activities of Cuban Communist Party Central Committee Politburo members monitored through 1 December 1995.

Jose Ramon Machado Ventura visited seven out of nine agro-industrial complexes in Sancti Spiritus and concluded that conditions were satisfactory for the current sugar harvest. (Havana Cuba Vision Network in Spanish 0100 GMT 10 Nov 95)

Division General Ulises Rosales del Toro attended the inauguration of the Moncada Exercise to commemorate the 39th anniversary of the Revolutionary Armed Forces, FAR, in the FAR's central territory on 28 November. (Havana Radio Rebelde Network in Spanish 1800 GMT 28 Nov 95)

Roberto Robaina awarded a friendship medal to Chinese Ambassador to Cuba Xu Yicong. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 11 Nov 95)

Carlos Lage, vice president of the Cuban State Council, presented the Jose Marti Order to Amalia Solorzano, former Mexican President Lazaro Cardenas's widow, who received it on his behalf. Lage stressed that this lifetime order was presented to Lazaro Cardenas, because, when he was merely 33 years old, he earned his country's highest military rank and built major public works to benefit his people. Lage added that Cardenas was a relentless supporter of just causes and remained always loyal to his roots. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 21 Nov 95)

Council of State member Abel Prieto attended today the inauguration of the third exhibit of Arab culture in Cuba commemorating Jose Marti's 100th anniversary. (Havana Cuba Vision Network in Spanish 0100 GMT 24 Nov 95)

Div. Gen. Ulises Rosales del Toro attended the closing ceremony of the 1995 Moncada Military Exercise in Villa Clara today. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 30 Nov 95)

Army General Raul Castro, second secretary of the Central Committee of the Communist Party of Cuba, PCC, and head of the FAR, chaired the keynote ceremony commemorating the 35th anniversary of the establishment of the Nico Lopez Higher School of the PCC, held in Havana. (Havana Radio Rebelde Network in Spanish 1800 GMT 1 Dec 95)

Roundup of Sugarcane Developments Through 3 Dec

PA0412012095

[FBIS Editorial Report] The following is a compilation of reports on sugarcane and sugar industry developments in Cuba monitored through 3 December 1995.

In Cienfuegos Province, the sugarcane rehabilitation process is expected to produce over 48,000 arrobas per caballeria this year. Over 100 caballerias were rehabilitated in Aguada de Pasajeros Municipality. Antonio Sanchez Agroindustrial Complex rehabilitated 30 caballerias and its goal is to rehabilitate more than a hundred for the upcoming harvest. The almost 600 caballerias that were rehabilitated in this province double last year's production with savings in resources. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 23 Nov 95)

During the past two months, metal workers in Guanajay Municipality in Havana have produced about 1,600 spare parts for the KPT2M's for the 1995-1996 sugarcane harvest. Until 15 December 1995, metal workers will work 18-hour shifts to reach the expected production. These spare parts are destined for the 1,000 KPT2M's that will be used to cut sugarcane beginning on 25 January 1996. (Havana Radio Rebelde Network in Spanish 1800 GMT 25 Nov 95)

In Ciego de Avila, Segundo Reyes, delegate of the Ministry of Sugar Industry, Minaz, reported an estimated sensitive increase in sugarcane production because of adequate use of fertilizers, timely rains, and better management by Basic Cooperative Production Units, UBPC.

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There have been improvements in investments and the quality of repairs as well as a complete work force. (Havana Radio Rebelde Network in Spanish 1255 GMT 27 Nov 95)

In Santiago de Cuba, over 8,000 cane cutters will cut 60 percent of total sugarcane for the eight agroindustrial complexes during the upcoming sugarcane harvest. Of these, 5,000 are union members and 3,700 are UBPC members. (Havana Radio Rebelde Network in Spanish 1255 GMT 27 Nov 95)

Preparations for the upcoming sugarcane harvest in Camaguey include road repairs as a priority. Over 350 km have been repaired in less than three months. Repairs continue despite limited resources. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 28 Nov)

In Havana, at a two-day seminar for CAI, Agroindustrial Complex, assistant economic directors, Finance and Price Minister Manuel Millares stressed efficiency as a priority without looking at financing as a solution. The assistant economic directors agreed that the Minaz makes other industries more expensive and that management should make better use of personnel and evaluate losses so as not to load the state budget down with loans. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 2 Dec 95)

Haiti

Electoral Council, Candidates Encourage Citizens To Vote

PA0412224595 Port-au-Prince Signal FM Radio in Creole 1230 GMT 4 Dec 95

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] The third week of the electoral campaign for the presidential elections will begin today. The Provisional Electoral Council [CEP] keeps sending messages aimed at motivating the Haitians to participate in these elections. The electoral institution has put streamers in several strategic areas in order to encourage the population to vote. In streamers found throughout the capital, we read: Let us vote in the presidential elections of 17 December. [passage omitted]

We will note that the officials of the electoral institution already kicked off the campaign on local media. Additionally, the presidential candidates are campaigning in order to encourage their own voters by putting streamers and posters in some streets in the capital. The Lavalas Political Organization has put streamers for their candidate in several areas of the capital. The National Congress of Democratic Movements leader, Professor Victor Benoit; independent candidate Jean-Rene Julien and Francis Jean have also being using streamers in order to motivate the voters.

On the second week of the electoral campaign, the presidential candidates for the upcoming elections (?campaigned) on radio and television stations in the capital of Haiti. Several candidates tried to get in touch with the voters in the province and the settlements where many Haitians are living. In Port-au-Prince, no big popular meetings were held during the second week of the electoral campaign. Nevertheless, some candidates held political meetings to plan the strategy aimed at allowing them to win the presidential elections. [passage omitted]

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President Visits Chiapas Highlands for First Time

PA0412142995 Mexico City LA JORNADA in Spanish 1 Dec 95 p 16

[Report by Ricardo Aleman Aleman]

[FBIS Translated Text] Tenejapa, Chiapas, 30 November — For the first time during his administration, President Ernesto Zedillo visited the valleys, in the Chiapas highlands, an area that since January of 1994 has been considered a "conflict-ridden" area. He came to offer "goodwill and good intentions from the Federal Government" and to demand "goodwill and good intentions" from all groups, all Chiapas residents, to resolve the armed conflict and social backwardness through dialogue.

In reference to the talks of San Andres Larrainzar, a community located 50 km away from this municipality, the chief executive expressed his conviction there will be new points of understanding in the coming months "because the interest to reach satisfactory solutions is authentic, at least from the government of the Republic and, undoubtedly, from the president of the Republic."

In a meeting he held in this municipality with the Tzotzil Indians, attended by representatives of communities nearby Tenejapa — of little Zapatist influence — the president said that we all need Indians to integrate into the collective project of Mexico, "without renouncing their history, their beliefs, or their customs. Together we will be able to grant Mexican Indians access to political and economic power in the regions where they live."

In the framework of his third working tour of the State of Chiapas, Zedillo visited the Municipalities of Tenejapa, Mitontic, and the state capital of Tuxtla Gutierrez. He met with Indians and businessmen, and he made the symbolic presentation of clinics of the Mexican Social Security Institute [IMSS] and trailer-clinics for outpatient medical attention in the communities of the highlands.

There, President Zedillo announced that the federal budget earmarked for Chiapas is the highest ever assigned to any state, namely 3.650 billion new pesos [N$].

As if it was a message, in every ceremony the president insisted that he will govern during six years for Chiapas citizens, for all Mexicans.

In a meeting he held in this municipality, 25 km away from San Cristobal de las Casas and 50 km away from San Andres Larrainzar, Chiapas Indians, many of them dressed in their typical costumes, criticized the government's actions to resolve social problems, questioned the Zapatist movement, and explained that no one, no Indian, has given any group the right to represent them. No one must or may hold the representation of Chiapas Indians and when this happens, the decision on their own destiny is being manipulated, they remarked.

In this meeting, held at the municipal auditorium in this community and a setting similar to San Andres Larrainzar, representatives of communities nearby Tenejapa summarized in five points their proposals to pacify Chiapas, resolve their social problems, and develop their communities: reconciliation of Chiapas residents on the basis of respect and tolerance, rejection to the return of arbitrary and arrogant practices, promotion of peace, reactivation of the productive life, and the reduction of agrarian backwardness.

Ernesto Zedillo expressed his support for the five proposals and stated that together, Chiapas citizens, Mexicans, and the government, "will find in-depth, permanent solutions to your demands of justice administration, land ownership, reduction of social backwardness, respect to your political rights. Only this will permit us to fight and end the poverty that affects our Indian peoples," Zedillo stressed.

In the state capital, Zedillo met with businessmen from different sectors of the state and the rest of the country, in which was called the Alliance for the Recovery of Chiapas.

During the meeting, he said that in the last few months the causes of the economic crisis have been overcome "and now, all together, we are going to overcome its effects."

He told representatives of the state and country production sectors that Chiapas is a rich state with poor people and that its situation "is unjustifiable. We are going to fight against this situation and get the state out of the situation it is in."

Previously, in a brief stopover in the town of Chimhucum, of the Municipality of Mitontic, Zedillo inaugurated the rural medical unit installed in recent months in this community. He also made the symbolic presentation of 42 other IMSS service units and the rural hospital of Altamirano, 100 km from Mitontic. Later, he presented the keys to two mobile units, of a total of 15 purchased, to offer medical attention in the highlands.

In addition, he presented two sets of keys of trailer-clinics of a total of eight purchased for the School Health Program in Chiapas. In this very remote community, located in the highlands' valleys, the president asserted that he visited this corner of the Chiapas jungle "to corroborate that the resources earmarked for resolving health problems are materialized in actions and deeds."

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Zedillo's third visit to Chiapas started at Tenejapa. His delegation, made up of Health Secretary Juan Ramon de la Fuente, Social Development Secretary Carlos Rojas, and Agrarian Reform Secretary Arturo Warman, had earlier arrived at the local military airport.

To everyone's surprise, Zedillo did not fly in the official plane. He reportedly flew to Chiapas the previous night with strict security measures. His plane even circled the runway before actually landing at Tuxtla's military airport.

The delegation flew to Tenejapa in a helicopter, where hundreds of Indians waited for Zedillo while dozens of them stayed in the municipal auditorium. As if it were just one more San Andres Larrainzar round of talks, the Indians of this municipality voiced their shortages and concerns and complained for the state and municipal governments' lack of attention, as well as the aggravation of their situation because of the armed conflict. They also presented a five-point proposal to stimulate Chiapas' development, establish peace, and improve the precarious social situation of thousands of Indians.

In a speech that lasted nearly half an hour, Zedillo said he came to Chiapas to renew the Executive's commitment to development, justice, and peace. He mentioned the "fortunate" results of the San Andres Larrainzar talks and the "important agreements" that had been attained. Regarding the distribution of land and the land ownership dispute, he said that two thirds of Chiapas' peasant organizations that claimed land "have reached very important agreements with the government."

For this reason, he made a "very special" appeal to the rest of the organizations to join this type of dialogue in the talks over the Agrarian Reform. "There is truly no reason why we cannot establish a fair, acceptable, and definitive agreement with the rest of those organizations. For this reason, very seriously and firmly, I am hereby calling the rest of the organizations, with which we still have no agreement, to sit down and talk with us so we can soon complete this definitive agreement."

"There is good will on the part of the government. I am sure that the organizations' good faith and good will prevail. Together, we can attain an agreement and solve this problem that for so long has torn apart the Chiapas people, a problem that lies at the origin, root, and depth of the problems of violence that this state has experienced."

Zedillo also referred to the electoral process recently held in Chiapas. "Although, until a short time ago, we had been immersed in post-electoral conflicts and controversies that even led to confrontations that some times cost lives and serious tragedies, now we can live without those conflicts. Today, we can say that we have progressed in attaining better democracy and a higher state of law."

New Bond Issue for European Market Announced

PA0412163695 Mexico City EL FINANCIERO in Spanish 30 Nov 95 p 4

[Report by Alicia Salgado, Claudia Villegas, and Gerardo Flores]

[FBIS Translated Excerpt] The Finance and Public Credit Secretariat (SHCP) has announced that a few days from now the government will issue $1.5-billion worth of bonds in the European market, which will mature in 358 days.

An official communique reports that the bonds will be overall notes that will offer the investor the option of liquidating upon maturity at the yield rate that results most attractive to the holders: at a 12-month London Interbank Offered Rate (Libor) rate without any surcharge, or at the 28-day annualized Cetes [Treasury Certificates] rate minus 6 percent discounted from the monthly average primary rate during the term of the notes.

It is worth pointing out that the notes will be issued at face value and in markets in Europe and Asia and in private placements in the United States.

The operation will close on 5 December, as today is the launching date and start of the sale process. Chemical Bank is the agent heading the placement syndicate.

In addition, investors will be able to choose to be paid in dollars or in pesos at the current exchange rate upon the bonds' maturity, so that in either payment option the Federal Government will finance itself below current costs, thus succeeding in obtaining a significant amount of fresh resources in dollars under favorable terms.

The operation will take five days to be placed, and five days later it will be liquidated, so that by mid December the federal government will have the resources that will boost the position of the dollar in the country.

The Federal Government has invited diverse international institutions to participate in the Euromarket issue.

It is worth noting that because of their structure, the overall notes give flexibility to the investment while offering the Mexican Government a financing option in very competitive terms.

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In a communique, the SHCP announced that the Federal Government invited different international financial institutions to participate in this dollar bond issue.

Originally, the bond issue was to be for $500 million but due to the tremendous market acceptance the bonds enjoy and to the fact that from the government's point they represent an attractive financial possibility, it was decided to increase the issue to $1.5 billion.

The Finance Secretariat reported that all of this is evidence of the foreign investors' growing trust in Mexico's economic program, thus reaffirming our country's solvency and its ability to continue access to the international capital market.

Debt Payments Met; 2.5 Million Lose Jobs

PA0412234295 Mexico City LA JORNADA in Spanish 1 Dec 95 p 58

[Report by Roberto Gonzalez Amador and Juan Antonio Zuniga M.]

[FBIS Translated Excerpt] During the first year of President Zedillo's administration the Mexican economy submerged in its worst crisis since 1934, and transferred $42.5 billion from its funds to pay for its foreign debt.

This amount surpassed by 56 percent the $27.172 billion captured by Mexico in direct foreign investments and the stock market between 1993 and 1994, the two years in which the country experienced its greatest surge as a receptor of foreign capital.

Thus, the Mexican economy met all its obligations with foreign creditors. However, in only 12 months the social debt has directly affected more than 2.5 million workers who were dismissed from their jobs. Thus, 12.5 million Mexicans suddenly lost their source of income and access to the social security services provided by the government.

Finance Secretary Guillermo Ortiz acknowledges that the country is now in a "vulnerable and fragile" economic and financial position which bears no resemblance to the reality described by the administration merely one year ago.

On 12 July 1994, former Finance Minister Pedro Aspe Armella declared: "In less than six years, the economic changes have been, without a doubt, of such great importance that they will go beyond our own generation."

For Pedro Aspe, defined by the leading foreign financiers as the "architect of the Mexican economic revolution," there was only one truth: "What Mexico has been able to do has few equals in other countries of the world. These achievements have allowed us to remove all obstacles toward progress. That is why we can state that with the work done in recent years we have been creating the conditions which will allow us to grow faster for the benefit of all Mexicans."

Without leaving any room for doubt, Pedro Aspe pointed out that a simple account of the macroeconomic achievements was enough "to appreciate the road we have traveled, and to realize that our efforts have turned into better opportunities now and for years to come.

During the apotheosis, the executor of the Salinas economic policy would ask for "reflection on the more outstanding advancements in such diverse areas as macroeconomics, microeconomics and institutional areas, so that we should not cease to be amazed at what we could accomplish."

In one year, the economic policy based on a dependency on foreign capital to compensate for the foreign debt deficit and the total opening of the market to all kinds foreign goods resulted in the current crisis, whose social cost has yet to be measured statistically.

"This year has been really terrible," Finance Minister Guillermo Ortiz Martinez acknowledged three days ago. In retrospect, Ortiz conceded that the decision taken on 19 December 1994 by Jaime Sierra, the first Finance Secretary of the Zedillo administration's six-year term, to widen the flotation range of the peso should have been "wrapped in a better designed economic plan and with a package of external aid, factors which would have helped lessen the post devaluation trauma."

The statistical balance of the first year of President Ernesto Zedillo's administration can be summarized in the loss of 2.5 million jobs in the workplace; the loss of foreign financing equivalent to 8 percent of the GDP; a 14 percent drop in real terms in consumer spending, a drop which surpasses that registered during the 1982 debt crisis.

Private investment this year shows a reduction of 25 percent in real terms compared to 1994; the construction industry saw its production drop 40 percent, and overall, the national product showed a 7-percent annual decline at the end of September. [passage omitted]

Private Investment Decreases 25 Percent in 1995

PA0512033095 Mexico City EL FINANCIERO in Spanish 30 Nov 95 p 23

[Report by Manuel Moreno and Leticia Rodriguez]

[FBIS Translated Text] Finance and Public Credit Secretary Guillermo Ortiz Martinez has admitted that the economic crisis during this "very difficult year," caused a 25 percent decrease in private investments in

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real terms. Only two days ago Ortiz pointed out that the decrease in this sector had been 27 percent.

Meanwhile, Labor and Social Welfare Secretary Javier Bonilla Garcia has admitted that the 3 percent economic growth expected in 1996 will not be enough to meet the goal of generating 1 million jobs, "due to which a greater effort must still be made over the next few years."

Interviewed at the Los Pinos official residence, Bonilla pointed out that although there has been a slight upsurge in the number of permanent IMSS [Mexican Social Security Institute] members with the registration of 75,000 more in October, "we should not rejoice too much over this."

Meanwhile the country's business sector is assured that the $6.2 billion package of private investments that President Ernesto Zedillo has announced for 1996 reflects confidence in the country and in the economic path it is following.

Business leaders Hector Larios Santillan of the Business Coordinating Council (CCE), Claudio X. Gonzalez of the Mexican Council of Businessmen (CMHN), and Grupo Modelo Vice President Juan Sanchez Navarro, said that the economic variables will recover next year and "the situation will be much better."

Larios said that with the total investments disclosed, 200,000 to 300,000 jobs could be created.

He announced that within the next few days new foreign investment programs will be disclosed, in addition to the 200 projects pledged in the Alliance for Economic Recovery (Apre), which will help to generate more jobs and to restore buying power.

What we need to do is regain confidence in ourselves. "We have suffered a lot this year and I am sure that the Mexican people's pockets will soon begin to feel the recovery," Larios underscored.

Meanwhile, CMHN President Claudio X. Gonzalez said that we will begin to feel economic recovery during the first half of 1996.

Juan Sanchez, president of Bital's [expansion unknown] administrative council, said that during the course of 1996 all of the economy's variables will recover and the situation will be "much better."

He commented that the investments announced are a positive sign of confidence in the business sector and in Mexico's immediate future; they are a change that will yield very successful results, not only for the wealthy society but for the people in general.

Sanchez pointed out that the creation of jobs through investments is the best way to struggle against unemployment.

In response, Finance Secretary Ortiz said that the total amount of private investments announced is an encouraging piece of news because investments decreased considerably during 1995.

This has been a "very difficult year" and I hope that next year will be much better. The issuance of bonds will lend certainty to the economy, Ortiz Martinez said.

Meanwhile, Labor Secretary Bonilla said that the pledges established in the Apre are being fully complied with, although it is too early to discuss the number of jobs that will be generated with the new investments; we must first see the direct and indirect impact the investments will have, he said.

Bonilla recalled that between January and July the number of permanent IMSS members decreased by approximately 70,000 people.

He admitted that the recovery recorded in October was small and although "encouraging, we should not celebrate too much."

APEC Members' Social Neglect Charged

96CA0060A Mexico City LA JORNADA in Spanish 22 Nov 95

[Commentary by Bertha Lujan, director of the Authentic Labor Front (FAT) and president of the Mexican Network for Action on Free Trade (RMALC): "Social Proposals in Osaka"; received via Internet]

[FBIS Translated Text] The governments of the 18 nations that make up the Asia-Pacific Economic Cooperation (APEC) forum, of which Mexico is a member, have just held their seventh meeting in Osaka, Japan.

It provided a good opportunity for more than 100 human rights organizations, networks addressing development issues, environmental NGO's, and labor and union groups to hold a parallel meeting, at which they brought together their experiences with the processes of globalization, economic integration, and "free" trade and expressed their views on the APEC negotiations.

It was very clear to these organizations that the governments in the Asia—Pacific region intended to turn what in 1989 was considered a forum for economic discussion and cooperation into a process of economic liberalization that obviously includes the issues on the transnational agenda: intellectual property, investment, agriculture, services, and free trade.

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APEC is the instrument that the U.S. Government is using to open Asian markets to its goods, particularly its agricultural goods, and has become a new arena of confrontation between the great powers (the United States and Japan) in which the weaker economies can be controlled.

The social organizations held a two-day meeting in Kyoto. The discussions were very intense and illustrated the marked differences that exist in this heterogeneous region, differences that are not only economic but political and social as well. There is a common denominator, however, the process of globalization, which sets new international rules that seriously restrict the sovereign action of national states, have brought a greater concentration of wealth (a little more than 80 percent of said wealth is concentrated in the hands of 20 percent of the population on the planet), and have expanded the operations of the transnational corporations (500 entities control 70 percent of world trade).

Some other more or less common features are antidemocratic regimes, repression, and the imposition of a new type of labor relations, in which higher productivity is not accompanied by higher wages and better working conditions and in which unions are being displaced as players in said relations. All of this is accompanied by a weakening of labor legislation, more flexible collective bargaining agreements or none at all, and in many cases a criminal crackdown on authentic labor movements.

The bleak status of human and labor rights in the "free trade" or "free labor" zones that were created under the economic liberalization accords in the region was shocking. The presence of female slave labor in China, the exploitation of migrant workers in Japan (mainly Chinese and Koreans), and the severe repression of workers in Indochina have gone hand in hand with the liberalization processes, in which foreign investment is protected against any possible mobilization of worker discontent and migrant labor is the recipe for lowering national labor costs.

Hence, the social organizations brought up the obvious inconsistency between the various agendas that the governments themselves have agreed on in taking up social and economic issues.

On the one hand, at the intergovernmental summit meetings on the Rights of Children (New York), the Environment (Brazil), Human Rights (Vienna), Population and Development (Cairo), Social Development (Copenhagen), and Women's Rights (Beijing), the governments have agreed to protect human rights and have expressed their determination to create conditions for sustainable development and social justice. On the other, at the so-called economic summit meetings these agendas are conspicuous by their absence, as if economics had nothing to do with social concerns, as if the problems of poverty, the destruction of nature, or injustice were not related to the economic model that is supposedly designed to solve them.

Hence too, the organizations that gathered in Japan rejected the negotiating agenda worked out for APEC, as well as the way in which "these processes ignore the effects that economic and trade liberalization have had on various countries, in destroying peasant economies, suppressing the rights of people to the use of land and water, and accelerating the destruction of nature and the depletion of resources."

In this context, the proposals made by those of us who attended the meeting on behalf of the RMALC and by the representatives of the networks in the United States and Canada with whom we have been working on a common agenda in the face of the integration process in the Americas, particularly the FTA, were in basic agreement with the points raised by the organizations from Asia (Pacific).

People at the meeting were particularly interested in learning about the chief features of Mexico's current crisis, the close connection between the FTA and the current situation, working conditions in the maquiladoras [assembly plants], and the social cost of the maquiladoras in the local communities in which they are located.

The meeting of the social groups also issued a political declaration rejecting the APEC negotiating agenda and demanding that consideration be given to an economic proposal linked not only to economic growth and trade promotion but also to a genuine agenda for development that focuses on the needs of peoples and nature.

The last resolution was to submit these conclusions to the government delegations in Osaka. Mexico's official delegation chose to ignore the social organizations, thus confirming the rule: the economy on the one hand, and social rights and democracy on the other.

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Guatemala

Crime Wave Sweeps Country

96P20124A

[FBIS Media Note] The recent surge in violence that has taken place throughout the country over the past two months has cost the lives of 500 people, according to National Police reports, Carlos Enrique Nisthal, a politician who ran as a National Unity Front deputy candidate in the recent 12 November general elections, was among those killed.

Police sources report the criminals have amassed $500,000 from robberies of private, commercial businesses and residences and $1.6 million from auto thefts of between 800 and 1,000 vehicles.

According to the Archbishop's Human Rights Office, 490 murders were registered between July and September, 45 attributed to paramilitary groups as extrajudicial killings. (San Jose LA NACION, 30 Nov)

Official sources have reported that at least 50 people were killed in Guatemala City in the last five days. According to the Medical Forensics Institute, 30 bodies were received on Saturday and Sunday, seven on Monday, and five more on Tuesday.

National Police agents have taken measures to disarm the civilian population in an effort to end the crime wave. (LA NACION, 30 Nov)

Honduran Embassy adviser Jose Antonio Nunez has recommended that Hondurans avoid traveling overland throughout Guatemala because of the many crimes committed against Hondurans. (LA NACION, 30 Nov)

Honduras

Parlacen President Dies of Heart Failure

PA0412224695 Panama City ACAN in Spanish 1608 GMT 3 Dec 95

[FBIS Translated Text] Tegucigalpa, 3 Dec (ACAN-EFE) — The president of the Central American Parliament [Parlacen], Honduran Luis Roland Valenzuela, has died of heart failure at the age of 56, a son of the politician announced today.

On 22 October of this year, Valenzuela, who was a Parlacen deputy for the governing Liberal Party of Honduras [PLH], was elected president of the Central American organization. He assumed his post on 28 October.

He passed away in San Pedro Sula, in northern Honduras, at 2230 local time (0430 GMT) Saturday, his eldest son, Luis Roland Valenzuela, noted.

This year Parlacen has lost two presidents, the first one to die, Salvadoran Francisco Guerrero, passed away when he was four months short of completing his administrative period.

Valenzuela, who from 1979 to 1982 was mayor of San Pedro Sula, Honduras' second most important city, will be buried tomorrow in that city 243 km north of Tegucigalpa.

Two hours after assuming the Parlacen presidency, in Guatemala City, Valenzuela had to be hospitalized for 24 hours, in that capital.

Honduran President Carlos Roberto Reina and the PLH authorities and other Honduran and Central American social sectors have expressed their condolences to the family of Luis Roland Valenzuela.

Nicaragua

Clinton, Congress in 'Confrontation' on U.S. Envoy

PA0412210995 Managua Canal Dos Television in Spanish 1600 GMT 3 Dec 95

[From the "This Week" newscast]

[FBIS Translated Text] An apparent lack of confidence in John Maisto, U.S. ambassador to Nicaragua, has prompted several meetings in the United States between senators and Nicaraguans in exile on Nicaraguan developments and government decisions.

Senator Robert Torricelli and organized groups of Nicaraguans in exile will meet in Washington today on the laws that were recently passed regarding property and the privatization of the Nicaraguan Telecommunications and Postal Service Institute. The passage of both laws has prompted an open confrontation between President Bill Clinton's government and Congress.

Washington sources report that Ambassador Maisto is about to end his tour of duty as head of the U.S. diplomatic mission in Nicaragua. Torricelli and several other representatives and senators have voiced distrust over Maisto's performance in Nicaragua, accusing him of being a steadfast ally of President Violeta Barrios Chamorro's government. Maisto is viewed in Nicaragua as a diplomat with an open-door policy regarding all of the country's political and social sectors who has contributed to Nicaragua's political depolarization.

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Argentina

Memo on Money Laundering Data Exchange Signed With U.S.

PY0412212195 Buenos Aires TELAM in Spanish 1850 GMT 2 Dec 95

[FBIS Translated Excerpt] Buenos Aires, 2 Dec (TELAM) — Argentina and the United States today implemented a mechanism for exchanging information on the laundering of drug-trafficking money.

The two countries signed a memorandum of understanding during the ministerial conference of the Summit of the Americas [Conferencia Ministerial de la Cumbre de las Americas] that was held in Buenos Aires.

Economy Minister Domingo Cavallo said: "Today we are signing a memorandum of understanding with U.S. officials to implement this mechanism for exchanging information, always carefully abiding by the legal standards of the participant countries."

The minister and U.S. Treasury Secretary Robert Rubin participated in a news conference that was held after the closing of this summit.

Cavallo announced that the Economy Ministry, the Central Bank, and the Programming Secretariat for the Prevention of Drug Abuse and for the Antinarcotics Struggle are working together to establish a financial intelligence unit similar to the one existing in the United States.

Cavallo explained: "In our case, the Central Bank has to establish a regulation for all financial companies to report on all cash transactions over 10,000 pesos before establishing this intelligence unit."

Cavallo also emphasized that efforts are being made in our country "to extend the crime of laundering drug-trafficking money to include other profits from an illegal source, such as corruption and fiscal fraud."

Cavallo noted that, during this summit, "a ministerial declaration was signed, establishing the commitments and recommendations that we must follow and that we, the participant nations, have accepted for identifying and punishing the money launderers."

In this regard, Cavallo explained: "To achieve this goal, the declaration asks all countries to classify money laundering and the profits from illegal activities as a special crime that receives severe punishment."

Cavallo pointed out: "Thus far, there is no conclusive evidence that the laundering of drug-trafficking money is a widespread activity in Argentina, but we would not be surprised if it actually is so, or is becoming so."

In this regard, Cavallo noted that it could become a widespread activity "because in the past it was easy to evade taxes and also launder money from corrupt activities in our country."

Nevertheless, Cavallo emphasized: "With these rules and regulations that we are implementing now and with the establishment of this financial intelligence unit, we hope it will be increasingly difficult and eventually impossible to use Argentina for the laundering of money and assets." [passage omitted]

Reportage on Bombing of Israeli Mutual Association

Army NCO Detained for Questioning

PY0512020295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2228 GMT 4 Dec 95

[FBIS Translated Text] Buenos Aires, 4 Dec (NA) — Sources close to the investigations into the AMIA [Argentine-Israeli Mutual Association] bombing have announced that Military Intelligence personnel today detained an Army NCO whose surname is Sijo.

Sijo was detained this morning, following a specific petition filed by Juan Jose Galeano, who is hearing this case, with Lieutenant General Martin Balza, the Army chief of staff.

Sijo was detained in Buenos Aires and his arrest was reported to the judge at noon today.

The detainee was sent to the Quilmes Investigative Brigade. With this arrest, 14 people, including civilians and military personnel, have been placed at the disposal of the judge thus far.

According to the sources contacted, the arrest, which was carried out by Military Intelligence personnel, is allegedly aimed at determining the way in which the weapons and explosives were removed from the barracks.

NCO Detained for Alleged Role

PY0412205395 Buenos Aires TELAM in Spanish 2034 GMT 3 Dec 95

[FBIS Translated Excerpt] Buenos Aires, 3 Dec (TELAM) — Police sources have reported that Army First Sergeant Luis Alberto Ferreyra, who had been at large since 1 December, was detained today in the town of San Miguel, in Buenos Aires Province, for his alleged involvement in the AMIA [Argentine-Israeli Mutual Association] bombing.

Government attorney Eamon Mullen, who is involved in the AMIA case, has confirmed to TELAM that Judge

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Juan Jose Galeano today released three of the 15 people who were detained during the raids that have been carried out over the past three days. Mullen, however, did not disclose the identities of the people who were released.

The sources told TELAM that Ferreyra was arrested today after Quilmes Investigative Brigade and Army Intelligence personnel carried out two raids in the towns of Los Polvorines and San Miguel.

Ferreyra, who was taken to the Quilmes Investigative Brigade headquarters this afternoon, had been wanted for his alleged links with a group of military personnel and former military personnel who allegedly sold stolen weapons and could be linked to the sale of the explosives that were used for the AMIA bombing.

Court sources said Ferreyra is an active-duty NCO from the Campo de Mayo Army Aviation School. [passage omitted]

Bolivia

Results: Neoliberal Party Defeated in Municipal Elections

PY0412141995 Madrid EFE in Spanish 0919 GMT 4 Dec 95

[FBIS Translated Text] La Paz, 4 Dec (EFE) — Preliminary data shows that the neoliberal Nationalist Revolutionary Movement (MNR), the party of Bolivian President Gonzalo Sanchez de Lozada, was defeated in the nationwide municipal elections on 3 December.

The MNR won in only two of the capitals of Bolivia's nine provinces [departments]; the other parties divided the vote very fairly among themselves.

The results so far are unofficial and the National Electoral Court is expected to make known the results late on 4 December, or early on the morning of 5 December.

Notwithstanding, the other parties have proclaimed their victories and admitted their defeats based on the unofficial figures. In some cases they have even announced who will be mayor, which is a post elected by the town council.

There is a case in La Paz where Monica Medina, the candidate of the populist Conscience of the Fatherland (Condepa), won with 38 percent of the vote, but she will not repeat her mandate as mayor because the other parties support someone else.

Thus, Ronald MacLean, of the conservative Nationalist Democratic Action (ADN) party, who came in second, will be the next mayor of La Paz.

The greatest surprise occurred in Santa Cruz, the most important city in the economic sector, where favorite candidate Percy Fernandez of the MNR, who has been mayor for the last few years, was soundly defeated. He lost to populist Civic Solidarity Unity (UCS) candidate Johnny Fernandez, son of Max Fernandez, one of the three richest men in Bolivia who died on 31 November in a plane crash. Max Fernandez was the leader of this party.

Notwithstanding, the UCS is a government ally and is part of the coalition that supports Sanchez de Lozada.

The social democratic Revolutionary Movement of the Left (MIR) has maintained its position and won in two departmental capitals: Potosi and Oruro, despite the scandal over its leader, former President Jaime Paz Zamora, being involved in drug trafficking.

The municipal elections took place absolutely normally throughout Bolivia, where democracy was established 14 years ago.

People of 18 were able to vote for the first time, and over 21 as before, and the municipal governments will have a four-year mandate.

At the end of the day, the president highlighted the results obtained by the parties that support him — the UCS and the leftist Free Bolivia Movement (MBL).

He implicitly referred to the victories of the UCS in Santa Cruz and the MBL in the city of Cochabamba, where it obtained 67 percent of the vote.

The National Electoral Court has not yet released data on voter participation.

Brazil

President Receives U.S. Treasury Secretary

PY0412180595 Sao Paulo AGENCIA ESTADO in Portuguese 1824 GMT 3 Dec 95

[By Ana Cristina Rosa]

[FBIS Translated Text] Sao Paulo, 3 Dec (AE) — President Fernando Henrique Cardoso has reiterated that the government has not found any irregularity in connection with the project for the Amazon Region Surveillance System (Sivam). The president made this remark on the evening of 2 December during a dinner reception honoring U.S. Treasury Secretary Robert Rubin. Explaining the current Brazilian economic and political situation, the president emphasized that there is harmony between the government and Congress. As an example he mentioned the fact that the Chamber of Deputies and the Senate have approved all executive branch proposals this year.

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Presidential Spokesman Sergio Amaral said: "The president took the initiative to mention the Sivam case, noting that Congress is studying it, and emphasizing that the project is a domestic Brazilian affair." He said Cardoso added that he was not aware that his conversations with Julio Cesar dos Santos were being monitored. Dos Santos resigned as Planalto Palace protocol chief over influence peddling charges. "This matter is under the Justice Ministry and the Federal Police," Amaral said.

Before the dinner, Cardoso and Finance Minister Pedro Malan held a closed-door conversation with the U.S. Treasury secretary and his advisers. During the meeting, Cardoso said he considers U.S.-Brazilian relations are good, noting that this is one of the best moments in the recent history of the two countries, because there are no pending complaints.

Rubin said he carried congratulations from U.S. President Bill Clinton, noting that the U.S. Government viewpoint on Brazil is that what is now happening in Brazil deserves U.S. admiration and respect. He emphasized the importance of stabilizing the economy and of the reforms that Brazil is implementing. The meeting with the Brazilian president was arranged at the request of Rubin. It was held at the house of Sadia President Luiz Fernando Furlan.

The dinner was attended by entrepreneurs Paulo Cunha (Ultra group), Jorge Gerdau (Gerdau group), Jorge Mindlin (Metal Leve), Antonio Ermirio de Moraes (Votorantim group), Carlos Antonio Rocca (Mappin), Omar Fontana (Transbrasil), Olavo Setubal, Roberto Bornhausen (Unibanco), Mailson da Nobrega (BMC) [Mercantile Credit Bank], Roberto Teixeira (Brasil Par), and Roberto Rodrigues (Sociedade Rural Brasileira). The initiative to invite the entrepreneurs came from the Brazilian Government. Sergio Amaral said: "The president considers it important for the U.S. Treasury secretary to be better acquainted with the Brazilian private sector."

President Said Pressuring Army To Buy U.S. Tanks

PY0512000395 Madrid EFE in Spanish
1620 GMT 3 Dec 95

[FBIS Translated Text] Rio de Janeiro, 3 Dec (EFE) — The weekly ISTOE reports on 3 December that a Brazilian aspiration — becoming a permanent member of the UN Security Council — has led President Fernando Henrique Cardoso to pressure the Army to buy U.S.-made tanks, in order to win the support of his colleague Bill Clinton.

The suggestions that Cardoso made in October 1995 led Brazilian Army Minister General Zenildo Lucena to arrange the renting of 91 "M-60" tanks, despite the fact that one month earlier, the Army had signed a letter of intention for purchasing German-made "Leopard I" tanks.

The magazine, which quotes military specialists, says that "the use of different tanks has met with resistance within the barracks, because the parts of one tank cannot be used for the other."

Diogo Figueiredo, a retired general and the brother of former military President Joao Baptista Figueiredo, said that the attitude of Cardoso "could have a very high price," and that even if it manages to enter the UN Security Council, "Brazil will continue to play the role of an assistant."

A high-ranking officer whose name was not disclosed in the report said that "initiatives of this type are rewarding, because they can help to make the U.S. President confirm his position in favor of the Brazilian designation to a permanent Security Council seat."

The controversial tank affair began at the end of the government of President Itamar Franco (1992-94), when the federal government approved an $800 million budget to replace the obsolete "M-41" tanks, purchased in the 1960's, with the modern "Leopard I."

General Benedito Bezerra Leonel, the Armed Forces chief of staff, said that the military commanders held consultations regarding the U.S.-made M-60 tanks, but since no answer was received, they chose the German tanks, of which 61 have already been purchased from the Belgian Army at a price of $200,000 per tank.

The use and features of the first Leopard I tanks, considered inadequate for the Brazilian tropical climate, unleashed a controversy in the media, which was partially settled by the Brazilian military with arguments like low cost, easy operation, and the broad experience on the part of local personnel with the equipment.

However, after his meeting with Clinton in the United States two months ago, Cardoso also made the Army rent the U.S. tanks with the additional argument that they were cheap — $15 million for a group of 91 tanks.

Gen Figueiredo, former chief of the Army Military Equipment Department, said that "the problem is the U.S. pressure to let its military industry have a sort of reserve in Latin America."

According to ISTOE magazine, whose latest issue hits the streets today, a new thorny chapter in the relations between the government and the Army deals with an ongoing tender for modernization of the fighter squad, to replace the U.S.-made F-5's, two of which crashed in unusual circumstances last month.

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Officer Reveals Smuggling of Technology for SLV

PY0512025495 Sao Paulo AGENCIA ESTADO in Portuguese 2046 GMT 4 Dec 95

[Report by Chico Otavio]

[FBIS Translated Text] Rio de Janeiro, 4 Dec (AE) — A secret flight of the Brazilian Air Force [FAB], worthy of a spy film, dodged international embargos and flew in, from Russia, at the beginning of this decade, a cargo of prohibited equipment for the "Satellite Launching Vehicle," SLV. This was revealed to AGENCIA ESTADO by Brigadier Ivan Frota, retired, former director of the Aeronautics Research and Development Department, who confirmed the suspicions that the Brazilian military resorted to the international black market to develop strategic projects.

"Thanks to that trip, the project went forward," said Frota, who participated in this operation and who does not see any reason for hiding the facts any longer. According to him, the flight took place soon after the fall of the Berlin Wall. In order to dodge CIA controls, the crew of the FAB Boeing-707 departed from the Galeao air base, and stopped over in London and Milan before going to Moscow. On its return, it made a single stopover in Las Palmas, in the Atlantic Ocean, before landing on Brazilian soil with the secret cargo.

As a former member of the Aeronautics High Command, Brig. Frota said that the FAB airplane brought from Moscow seven tonnes of "carbon-carbon" a high resistance light material used to manufacture the motors of the fourth stage of the SLV, in addition to "some material for the inertial platform and the proposal for the production of a central computer," all of which were considered essential technologies for the progress of the program. Frota also said that the FAB even contracted experts from Russia, "for $1,000 and a house to live in," but this initiative was canceled because it would have been necessary for the Foreign Ministry to become involved in the negotiations.

With the controlling of weapons proliferation, Brazil, at the time, was prohibited from buying technology for the SLV. The prohibition was based on the Missile Technology Control Regime, MTCR, which prohibited the sale to countries like Brazil of essential products for the construction of rockets with a range beyond 300 km and a transportation capability of more than 500 kg. "They tied the hands of Brazil," said Brig. Frota, who is proud of having helped his country dodge the restrictions.

The importance of the Russian equipment explains the secret flight of the FAB. The inertial platform of the SLV, for example, is responsible for maintaining the rocket in a pre-established direction. The motor of the fourth stage of the rocket, manufactured with carbon-carbon, has the purpose of placing the satellite in the correct orbit, while the central computer commands the direction and acceleration of the rocket. The international restrictions exist because the SLV can be easily converted into a medium range ballistic missile.

The Aerospace Technical Center, CTA, in Sao Jose dos Campos, which is responsible for the project, reports that the SLV, construction of which began in 1980, involved 670 experts, and it has already cost $300 million. Major Sergio Giocondo, from the CTA, said that the first rocket will be launched by the end of next year and it will carry the second data collecting national satellite (SCD-2), manufactured by the National Institute of Space Research [INPE].

Senator To Include Transition Term in Patent Bill

PY0512023995 Sao Paulo AGENCIA ESTADO in Portuguese 2249 GMT 4 Dec 95

[Report by Aldo Renato Soares]

[FBIS Translated Text] Brasilia, 4 Dec (AE) — Senator Ney Suassuna (PMDB-PB) [Brazilian Democratic Movement Party-Paraiba] has decided to include in his report on the amendments to the Patent Bill a five-year transition term for the new law to come into effect. Suassuna's initiative goes against the reports approved by the Constitution and Justice Committee and by the Economic Affairs Committee, which envisioned that the Patent Bill would come into effect one year after being promulgated.

On 6 December, the Constitution and Justice Committee will receive a report on the issue from Senator Suassuna, while the Economic Affairs Committee will receive another one from Senator Fernando Bezerra (PMDB-RN) [Rio Grande do Norte]. The two reports will be discussed and voted on in the Senate, and whichever of the two reports is approved will be passed to the Chamber of Deputies, where the house president, Deputy Luis Eduardo Magalhaes [Liberal Front Party-Bahia], promised to schedule a vote on it during the special congressional sessions to be held in January.

Suassuna, who favored a one-year transition period, said he decided to extend the term to five years after the government leaders in Congress broke the agreement they had with him. According to him, before the bill was voted on in the Economic Affairs Committee, the government promised to withdraw from the bill the retroactive acknowledgement of patents (pipeline) [preceding word in English]. During the voting session, the government retreated on its promise and maintained

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the pipeline. "If the government wants to insist on the one-year term, it will have to negotiate the pipeline issue," Suassuna said.

Senator Suassuna added that the five-year term cannot be considered as a radicalization of his position because the World Trade Organization (WTO) allows the countries that do not have a patent bill to adopt transition terms of up to 10 years. Although the Trips [Trade-Related Intellectual Property Rights] agreement, which deals with intellectual property trade aspects, does not oblige the signatory countries to adopt the pipeline, the Brazilian Government included it in the bill as a result of pressure by the United States.

Last April, the U.S. trade representative accepted the complaints filed by the U.S. pharmaceutical industry and by other U.S. industries which claim they are suffering losses resulting from the lack of a patent law in Brazil. The U.S. trade representative included Brazil on a list of countries that must be observed or watched on a priority basis. If Brazil does not pass a patent rights bill, the U.S. trade representative could recommend that the U.S. Government adopt reprisals against Brazilian products exported to the United States.

Public To Retain Ownership of Telecom Firms

PY0512005995 Rio de Janeiro JORNAL DO BRASIL in Portuguese 29 Nov 95 p 16

[FBIS Translated Text] Brasilia — The program to restructure the Brazilian telecommunications system, which will make possible the participation of the private sector in the operation of telecommunications services, will require that control of telecommunications companies remain in the hands of Brazilians.

This was one of the major pieces of news announced by President Fernando Henrique Cardoso and Communications Minister Sergio Motta during a ceremony held at the Foreign Ministry on 28 November to launch the restructuring program. Motta announced that the requirement providing for Brazilian ownership of telecommunications companies will already apply to the licensing of cellular telephone services and of satellites.

The communications minister estimated that the overhaul of telephone services will entail the consolidation of all Telebras [Brazilian Telecommunications Inc.] subsidiaries into five or six companies. He defended the idea that the privatization of telecommunications companies should be done by selling the companies' shares to as many shareholders as possible rather than lumping all the shares together and selling them at auctions, as happened with the privatization of state-run companies belonging to the productive sector. "Investor groups that want to gain control of the company should organize themselves to do so," argued the minister, underlining that this was his personal opinion.

According to projections made by the incumbent administration, investments in the modernization of the telecommunications sector will amount to 37.5 billion reals [R] until 1999 and exceed R37.6 billion from the year 2000 to 2003. These figures only represent public sector investments, and do not include private investment.

The decrees, ministerial resolutions, and bills — which have already been submitted to Congress — modifying the rules governing the telecommunications sector were signed yesterday. Congressmen will be convened during the summer recess to hold a vote on these bills, together with the constitutional reform proposals. Cardoso called upon businessmen to invest in the telecommunications sector to consolidate the reform process. "I decided this because it is the will of the people. We are going to undertake this partnership process between public and private capital. Now, I hope that entrepreneurs will say: This is what I have decided. Here it is, Mr. President," said Cardoso.

Addressing representatives from domestic and foreign telecommunications companies, who crowded the Foreign Ministry auditorium, Minister Motta expounded, for one and a half hours, his projects for bringing about a revolution in the telecommunications sector, which will become the most lucrative business in the world in two years, surpassing the oil industry and the insurance market.

Further Reportage on Sivam Amazon Surveillance System

Postponement of Reform Talks Possible

PY0412134395 Sao Paulo AGENCIA ESTADO in Portuguese 2156 GMT 1 Dec 95

[FBIS Translated Text] Brasilia, 1 Dec (AE) — The crisis triggered by the telephone tapping affair and the charges of corruption in the implementation of the Amazon Region Surveillance System (Sivam) project has relegated constitutional reform to a secondary role, and there are indications that senators and deputies will give the Sivam issue their full and undivided attention next week. Concerned about the threatened establishment of a Congressional Investigating Committee (CPI) to delve into the Sivam project, government bloc leaders are already getting ready to face two battles: Besides marathon briefing sessions by ministers in Congress, there will also be a confrontation between Planalto Palace and politicians over the negotiation of the social security reform.

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Deputy Arthur Virgilio Neto (AM) [Amazonas], first secretary of the PSDB [Brazilian Social Democracy Party] and the government's counsel for the defense in the phone-bugging case, acknowledged: "The reforms have already been relegated to a secondary role and it will be very difficult to resume that debate amid so many briefings on the Sivam affair." Michel Temer (SP) [Sao Paulo], PMDB [Brazilian Democratic Movement Party] bloc leader in the Chamber of Deputies, pointed out: "We are trying to avert a crisis, but if the contract with Raytheon for the implementation of the Sivam project is not canceled, we may end up having a CPI." Both Temer and Deputy Jose Anibal (SP), PSDB bloc leader in the Chamber of Deputies, are convinced that a CPI would be a "disaster" for the reforms the Cardoso administration wants Congress to approve by April 1996.

In fact, the congressional timetable works against the reform discussions scheduled for next week. On 5 December, the Chamber of Deputies National Defense and Oversight and Control Committees will question, in a public session, Federal Police Director Vicente Chelotti, at the same time that the Senate super committee will be listening to Sivam Project Coordinator Marco Antonio Oliveira and Admiral Mario Cesar Flores. On 6 December it will be Aeronautics Minister Brigadier Lelio Viana Lobo and Strategic Affairs Secretary Ronaldo Sardemberg's turn to speak to the deputies, while the senators will be questioning Physicist Rogerio Cerqueira Leite about Sivam. On 7 December the two Chamber of Deputies committees will listen to Eduardo Jorge Caldas, secretary general of the Presidency.

The expected resumption of talks on the constitutional amendment proposal on the welfare issue is far from satisfying the government. "The social welfare issue is a very difficult problem to solve," Deputy Henrique Eduardo Alves of the PMDB-RN [Rio Grande do Norte] says. Negotiations with the executive branch became more difficult on 29 November, when Vice President Marco Maciel summoned Euler Ribeiro (PMDB-Amazonas), sponsor of the welfare amendment proposal. Ribeiro's opinion has already been read at the committee, but the vice president still asked the deputy to withdraw his proposal because of the disagreements with the government.

"The welfare issue is a latent crisis that could explode at the beginning of the week if the government remains inflexible," Deputy Eduardo Alves said. The truth is that the PFL [Liberal Front Party] has already noted its support of Ribeiro's proposal and Commission Chairman Deputy Jair Soares (PFL-Rio Grande do Sul) has said that he does not anticipate pressure. "We want to agree on a common vote of the parties which support the government," leader Michel Temer said. Temer had already held a meeting with his PFL colleage in the Chamber of Deputies, Inocencio Oliveira (Pernambuco), on the final details. Government leaders are scheduled to meet on 5 December with Social Welfare Minister Reinhold Stephanes and Administration Minister Bresser Pereira. The politicians are proposing retirement at age 50 for men and 55 for women who have paid their contribution to the welfare system for 40 years. The government wants all these bands to be increased by five years.

Commentator Notes U.S. 'Pressure'

PY0412145795 Rio de Janeiro O GLOBO in Portuguese 1 Dec 95 p 2

[From the "Political Panorama" column by Tereza Cruvinel: "The Sivam War"]

[FBIS Translated Text] No president would summon a council of state meeting to modify a decision he made. By summoning the National Defense Council [CDN] to give its opinion on the Sivam [Amazon Region Surveillance System] project, President Fernando Henrique Cardoso is seeking support for his decision to retain the project, despite the moral and technical objections surrounding it. By doing this, however, he gave a chance to politicians, who seem to have united in their attempt to force the government to cancel the process, breaking the contract with Raytheon, reconsidering the technological alternatives, and calling for a new tender.

Sivam is under pressure from three sectors: the politicians, who want to blow it up; the military, who consider it a strategic project and who want neither retrogression nor delays; and Raytheon and the U.S. Government, who are united because of commercial and foreign policy reasons. The opposition in the Brazilian Congress is made up of Planalto Palace allies and adversaries. Government supporters claim that after the phone-bugging incident and after so many suspicions, Sivam has become too complicated. Even if project facilities can measure the temperature at the top of the trees, they believe that to defend it would be painful and that it would wear down a government that has reforms to make, that still has three years left in power, and that even has a reelection project. The opposition fired the first shot and will do all in its power to force the president to reconsider the case.

The U.S. Government, which has already started protesting against the possibility of the cancellation of the project, is not thinking only about the $1.4 billion that Raytheon would lose. The Calha Norte project, which originated the current strategic policy for the Amazonas region, was born during the government of former President Jose Sarney, who analyzed the issue in preliminary contacts with the Americans. He followed up on

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the matter later, as a senator. He has told friends that at a given time, when Brazil reacted to U.S. activities in neighbor countries in the Amazon region, where the Americans deployed control systems, they clearly stated their position: Brazil should immediately install its own system, and they would help with financing and technology. This commitment was accepted during the Miami conference, which was attended by President Itamar Franco and his elected successor, Fernando Henrique Cardoso. If it reverts its decision, the government would have to face this obstacle, which is even stronger than the resistance of the military.

On 30 November politicians wanted to take advantage of the crisis to kill the current Sivam design — but not the need to deploy the system. The opposition has concentrated on moral aspects, while government allies have concentrated on technical objections. They entrusted deputy leader Jose Roberto Arruda with the task of submitting to the Senate super committee an opinion on the technical alternatives. He has already consulted with the Strategic Affairs Secretariat, the military ministers, the minister of science and technology, and Brazilian ambassadors in all countries with available technology. However, he said he would not make any remarks until the case becomes clearer. This war has just begun.

Project 'Way To Flatter' Clinton

PY0412160695 Sao Paulo FOLHA DE SAO PAULO in Portuguese 27 Nov 95 Section 1 p 6

[Article by RBN]

[FBIS Translated Excerpt] Contrary to what was expected, the government of Bill Clinton did not share the "technological enthusiasm" over the Sivam [Amazon Region Surveillance System] project of the Brazilian Government and the U.S. company Raytheon, which was awarded the contract.

Physicist Rogerio Cezar de Cerqueira Leite — member of the FOLHA editorial team — on 25 November wrote: "President Fernando Henrique Cardoso only sees the project as a way to flatter his colleague Clinton."

This flattery could have been reciprocal, but it was not. Embraer lost a million-dollar tender in the United States: JPTAS, a joint U.S. Navy and Air Force plan to purchase 712 trainer planes.

The contract, worth $5 to $6 billion, was awarded to the Swiss-made Pilatus PC-9 plane. The Brazilian Super-Tucano plane was the loser.

Winning JPATS would have been a very important way to help the economic reactivation of the main Brazilian plane manufacturer, just as Raytheon would benefit from the Sivam contract — even though the U.S. company is not in such pressing need for funds.

According to Sivam engineers, 40 percent of the cost of the system will be spent in Brazil. The rest will go to foreign enterprises like Swedish radar supplier Ericsson. [passage omitted]

U.S. Efforts To Save Deal Viewed

PY0412165995 Sao Paulo AGENCIA ESTADO in Portuguese 1610 GMT 2 Dec 95

[Report by correspondent Paulo Sotero]

[FBIS Translated Text] Washington, 2 Dec (AE) — The U.S. Government has concluded that the efforts under way in Congress to cancel the Sivam [Amazon Region Surveillance System] project, which was awarded to the U.S. company Raytheon, are being fomented by a number of disgruntled interest groups that include the French company Thomson, which lost the contract; politicians who did not succeed in their bid to collect bribes; and businessmen who failed to obtain a share of the $1.4 billion contract for the installation of a system of radars in the Amazon region.

Breaking its silence on the issue, Washington last week indicated that it will not idly watch the outcome of the controversy, and that it will fight to preserve the Raytheon contract. On Monday (27 November), U.S. Commerce Secretary Ron Brown, who has heavily lobbied for Raytheon and who guaranteed the Eximbank financing for the Raytheon proposal, blamed "those who lost the deal" for the efforts under way to call for a new bidding tender.

Brown said: "International competition is brutal and Raytheon's competitor never gives up." He expressed confidence, however, that the contract between the Brazilian Government and Raytheon, which was extended for one month late in November, will be preserved. He mentioned the efforts being made by President Fernando Henrique Cardoso and by his administration to this effect.

Senior U.S. officials have also sent letters to Brazilian officials who are directly involved in the Sivam project to rebut the allegations of Senator Gilberto Miranda (PMDB-AM) [Brazilian Democratic Movement Party-Amazonas], who has delayed the approval of the Sivam contract on the grounds that there are cheaper alternative radar systems in Russia and in the United States as well.

Brian Sheridan, deputy assistant secretary of defense for antinarcotics policy, addressed a letter to Sen. Miranda himself, outlining the technical reasons why the Russian "Over the Horizon" [three preceding words in English]

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system will not work in the Amazon region. Barry L. Valentine, assistant administrator for policy, planning, and international aviation at the Federal Aviation Administration, wrote to Brigadier Joao Felipe Sampaio de Lacerda Junior, director general of the Civil Aeronautics Directorate [DAC], to supply information showing that the "Wide Area Augmentation" [three preceding words in English] radar system would not be compatible with the objectives sought through the Sivam project by the Brazilian Air Force and by the DAC.

The U.S. Government believes that technical discussion of alternative systems to that of Raytheon is nothing but a smokescreen. A U.S. official source said: "The Raytheon proposal was the most appropriate one in terms of the bidding tender, but we have no doubt that Thomson would also be capable of supplying a system of the same quality." U.S. Government officials and Raytheon spokesperson Elizabeth Allen reiterated last week to AGENCIA ESTADO that the decisive factor that made Raytheon win the award in July this year was not based on technical aspects.

The decisive factor was the financial terms offered by the Eximbank. (Contrary to what has been reported in Brazil, the U.S. Congress has not taken any special action to approve the Sivam loan. Any Eximbank operation worth more than $100 million must be reported to Congress and be kept on hold for 30 days before it is approved by the Eximbank board).

Brown and other senior officials of the Clinton administration noted last week that the suspicion of involvement in bribes in the Sivam case raised against Raytheon is not being taken seriously. The suspicion stemmed from taped conversations of a close aide to President Fernando Henrique Cardoso. U.S. Justice officials will not start any investigation under the Foreign Corrupt Practices Act — a law prohibiting U.S. companies from bribing foreign government officials.

The U.S. Government had already reached that conclusion prior to Thomas Hyde, legal adviser of Raytheon, having assured the Justice and Defense Departments last week that Jose Afonso Assumpcao, Raytheon's representative in Brazil, had not done anything wrong or illegal. An official said: "An investigation should be conducted in Brazil and it will probably reveal links between ESCA [Automation and Control Systems Engineering] directors and members of Congress." ESCA was made part of the Sivam project by the Itamar Franco administration, but it was removed from the deal early this year following disclosure of irregularities in its social security payments.

The prevailing idea within the U.S. Administration is that the so-called Sivam scandal is nothing but a political dispute over a commercial deal. Although the spark that provoked the incident originated in palace intrigue, some political and bureaucratic forces continue to add fuel to the fire with the hopes of either paralyzing or embarrassing the Cardoso administration and his program of reforms, as well as to create frictions in U.S.-Brazilian relations, which have never been as smooth as they are now.

Sivam Budget Allocation Reduced

PY0412165895 Rio de Janeiro Rede Globo Television in Portuguese 1515 GMT 4 Dec 95

[FBIS Translated Text] The Sivam [Amazon Region Surveillance System] case may delay the recess of deputies and senators because work on the constitutional reform stopped when the phone tapping charges were pressed.

The rapporteur of the budget for the military ministries will deliver a report in the Chamber of Deputies this week in which he will reduce the Sivam allocation for 1996. The allocation includes 247 million reals in foreign loans, which needs congressional approval.

[Begin budget deputy rapporteur Paulo Bernardo recording] To approve this budget now would be equivalent to authorizing the government to spend that money. It would also mean Congress is trampling on the Senate authority. [end recording]

The debates on the irregularities in the Sivam project have almost paralyzed Congress. Projects that are important for the government, like the fiscal stabilization fund, the corporate and individual income tax bills, the provisional measure on bank mergers, and even the constitutional reform have been left aside.

The government will try to reach an agreement with congressional leaders, so that all those projects may return to the agenda. This situation may even cause the canceling of the Congressional recess.

[Begin Senator Elcio Alvares recording] Congress is aware of its responsibility, and both senators and deputies share the objective of voting on practically all major projects. [end recording]

New Committee To Investigate

PY0412231895 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 4 Dec 95

[FBIS Translated Text] Secretary General of the Presidency Eduardo Jorge has created a committee to investigate the Sivam [Amazon Region Surveillance System] case. The committee is comprised of four government officials from different offices: Rafael Mandarino, Jr.

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and Haroldo Vitor de Azevedo Santos [both from the office of the Secretary General of the Presidency]; Maria Cristina Dantas da Costa [from the Civilian Household chief's office]; and Murilo Marques da Silva [legal adviser of the Civilian Household chief]. This oversight committee has a maximum of one month to present a final report on its investigation regarding influence peddling.

Role of Senators Viewed

PY0512000695 Sao Paulo AGENCIA ESTADO in Portuguese 2117 GMT 4 Dec 95

[Report by Joao Domingos]

[FBIS Translated Excerpt] Brasilia, 4 Dec (AE) — The rapporteur of the special committee that is investigating the Amazon Region Surveillance System (Sivam), Senator Ramez Tebet (PMDB-MS) [Brazilian Democratic Movement Party-Mato Grosso do Sul], said that if the Senate decides not to accept the petition to replace ESCA [Automation and Control Systems Engineering] with the Aeronautics Ministry, the government will have to cancel the contract with the U.S. company Raytheon. "There is no contract without authorization form the Senate," Tebet said.

The senator said that his mission in this special committee will be to tell whether or not the Aeronautics Ministry can replace ESCA, which was disqualified for having defrauded the social security system. "This is the message from the president of the Republic which is being examined by the Senate," said Tebet. "I still do not know whether I will support or oppose this operation," he said. "First I must evaluate all the information I have," he added. [passage omitted]

Senator Jose Roberto Arruda (PSDB-DF) [Brazilian Social Democracy Party-Federal District] is making a parallel report, in favor of the operation, to replace the work done by Senator Gilberto Miranda (PMDB-AM) [Amazonia], who opposed it. [passage omitted]

Tebet is in favor, if not of the Sivam, of a similar surveillance system for the Amazon region. "We cannot leave the national territory without a defense system," he said. Ramez Tebet said that he is examining the entire Sivam project, the fines that have already been paid for the delay of the works, and the testimony already made before the special committee.

He nonetheless acknowledged that there has been influence peddling in Planalto Palace, as revealed by the telephone conversations recorded by the Federal Police in the home of Ambassador Julio Cesar Gomes dos Santos, former chief of protocol of President Fernando Henrique Cardoso.

Likelihood of Maintaining Contract Assessed

PY0412173395 Rio de Janeiro JORNAL DO BRASIL in Portuguese 1 Dec 95 p 2

[From the "Political Affairs" column by Dora Kramer: "It All Leads One To Conclude that Raytheon is Here To Stay"]

[FBIS Translated Text] Although one cannot yet swear to it, the trend is that the National Defense Council [CDN] that is to meet next week to assess whether there are weighty reasons for canceling the contract for the supply of equipment for the Amazon Region Surveillance System [Sivam] will maintain the U.S. company Raytheon in this business deal.

A CDN member believes that the Cardoso administration's decision to convene the CDN is an unequivocal indication that it does not intend to revoke the contract. According to this analysis, [President] Fernando Henrique Cardoso is now seeking to include more sectors to share responsibility and to endorse the maintenance of the contract.

Otherwise, look who will participate in the CDN meeting: besides the president of the Republic, the vice president, the president of the Chamber of Deputies, the president of the Senate, the military ministers, the justice minister, the foreign minister, the planning minister, and the strategic affairs secretary. With all due respect, the only ones within that group who understand the purpose of Sivam and its implications for Brazil's international relations are the military ministers and Strategic Affairs Secretary Ronaldo Sardenberg.

Therefore, the other members sitting on the CDN will be in no position to discuss the Sivam project. They will rather listen to the reasons put forward by those who are thoroughly familiar with the project. Now, as the latter are in favor of refraining from putting the project in reverse, it is possible to surmise that it will not be Vice President Marco Maciel, Chamber of Deputies President Luis Eduardo Magalhaes, Senate President Jose Sarney, Justice Minister Nelso Jobim, Foreign Minister Luis Felipe Lampreia, or Planning Minister Jose Serra who will cast a dissenting vote — for the simple reason that they do not have all the information necessary to do so.

This notwithstanding, what about the political side of the question?

If this had been the only implication, those who know the head of state well think that Cardoso would already have — if he had the choice, even if there had been no concrete indications of irregularities — canceled the contract with Raytheon. The problem lies in the fact that there are also military and international considerations.

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Unless a piece of evidence constituting an irrefutable justification for canceling the contract with Raytheon is offered at the meeting, it will be impossible to explain to U.S. President Bill Clinton — who tried so hard to have a U.S. company win the contract — that the contract will be canceled just because things are difficult for Cardoso.

Businesses having the dimensions of Sivam are not administered by following politically subjective criteria. It is quite fitting to underscore that this is the position of somebody who sits on the CDN and is very close to the president of the Republic.

If the atmosphere over the meeting is favorable, then the group that does not have a deep knowledge of the Sivam question will put forward a political proposal. They will tell the head of state that, from now onwards, it is necessary to "sell" the need for undertaking the Sivam project with greater ability — for example, as a tool for combating drug trafficking.

At this juncture, in which the Brazilian city having the greatest visibility at the international level [Rio de Janeiro] staged a demonstration to demand the end of the reign of crime, this is a convincing argument. What is going to happen in the Senate committee presided over by Antonio Carlos Magalhaes [ACM] is a different kettle of fish. On the other hand, Jader Barbalho, the PMDB [Brazilian Democratic Movement Party] bloc leader in the Senate, only proposed convening the CDN because he imagined that ACM would otherwise manage to cancel the contract through a committee decision. As Barbalho sides with those who defend the Sivam project, he envisaged a solution that would save the project, as he is very well aware that the CDN will in no way decide to dispense with the contract.

Editorial: 'Freezing' 'Logical Alternative'

PY0512023595 Sao Paulo FOLHA DE SAO PAULO in Portuguese 30 Nov 95 Section 1 p 2

[Editorial: "Freeze Sivam"]

[FBIS Translated Text] Even assuming the improbable hypothesis that the government will succeed in clarifying all doubts about alleged irregularities in the Sivam [Amazon Region Surveillance System] project, the government will hardly be able to answer the question that really matters: Is Sivam indeed a priority?

In order to answer this key question, we will have to analyze the multiple aspects of the project. Regarding the first aspect — that of controlling air traffic — there is no doubt that it is very important to establish a mechanism to protect planes that fly over this vast region. This is particularly true because pilots can only fly blind over that part of Brazilian territory that encompasses the Amazon region. The problem in this regard is the excessively high cost of the project. Even Admiral Mario Cesar Flores, who is Sivam's most ardent defender, admits that it is impossible to establish an air traffic safety network in the Amazon region for less than $300 million (Sivam will cost at least four times this amount).

We will now analyze the second aspect. Admiral Flores says that this cheaper safety network covers only planes that want to be detected and does not extend to those that seek to elude radar control for the simple reason that they are conducting criminal operations (smuggling or drug trafficking).

In this regard, the problem is of a different nature: What is the use of knowing that a suspect plane is flying over the region unless there are means to prevent the possible crime?

Good sense makes us ask whether the Brazilian Government will be able to control the 5.2 million square km of the Amazon Region if it cannot control a territory as small as that of Rio de Janeiro State.

We will analyze the last aspect, which is perhaps the noblest objective of the Sivam project: that of environmental surveillance. No one with a minimum amount of good sense could wish that an area with 30 percent of the planet's ecological reserves, as is the case with the Amazon region, remain undefended.

In this regard, there are two restrictions about Sivam. The first is that the equipment contemplated in the project will offer extremely little additional information in comparison to the data already being supplied by satellites. Even if the project supplied abundant new information, we would be back to the previous problem: namely, repressing criminal actions. What is the use of learning that an Amazon region river is receiving, for example, an excessive amount of mercury if there are no means or men to prevent this type of pollution from continuing?

In this regard, figures are crushing: The Brazilian Institute for the Environment [Ibama], which acts as a sort of sheriff to control the environment, believes that it would need approximately 3,000 people to have truly effective control of the region. Currently, Ibama only has 35 employees.

After analyzing all this, the only sensible conclusion is that Sivam is, at best, a highly questionable priority. In addition, its cost-benefit ratio is so high that the most logical alternative would be for the executive branch to make the decision of freezing Sivam until all shadows still lingering over the project are dissipated.

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Press Calls For Sivam Probe, Bid Reopening

96P20123A

[FBIS Media Note] Brazilian editorials from 21-23 November commenting on suspected influence peddling, wiretapping, and dismissal of government officials in connection with the Amazon Surveillance System (Sivam) contract, won by the U.S. firm Raytheon, highlighted President Cardoso's vulnerability, the need for an independent investigation, and possibly a bid reopening.

Sao Paulo center-right daily O ESTADO DE SAO PAULO of 22 November remarked that "the damage has far surpassed the political impact of the dismissals of the president's protocol chief and aeronautics minister." The repercussions reveal that the government is practically in a "schizophrenic state" in light of suspicions and contradictions, of a presidency that is "unprotected and vulnerable to the mischief carried out in the government cellar." "The unveiling of the mystery prevailing at Planalto Palace," O ESTADO asserted, "would enable the Cardoso government to take control of the crisis that has been unleashed."

Opining on the telephone wiretapping episode, Rio de Janeiro conservative daily O GLOBO on 23 November attributed the incident to Planalto Palace becoming a "nest of serpents noxiously fighting for power," and the administration's failure to create an intelligence agency "to look after this kind of investigation." O GLOBO also noted that Cardoso has not allowed any aide to consolidate himself as his second in command. As a result, instead of forming a team, the president has gathered a group of competitors in Planalto Palace.

Affirming the need to install an Amazon monitoring network, independent Rio de Janeiro daily JORNAL DO BRASIL of 22 November called for an appropriate investigation, not by a Congressional Investigating Committee (CPI), but by a special congressional committee "comprised of lawmakers who are above suspicion."

Liberal Sao Paulo daily FOLHO DE SAO PAULO editorialized on 21 November that the influence peddling scandal that erupted in the president's inner circle has made the administration experience "the most delicate political situation since its inauguration." Noting that the creation of a CPI on SIVAM should be considered, FOLHA said that the SIVAM megaproject is "filled with so many doubts and suspicions of illegality" that to maintain it, without first conducting a full investigation, would be "like an insult to the nation." The daily concluded that Cardoso now at least has the chance to show whether he is the man who can change the way politics is exercised in Brazil.

Citing the SIVAM project's "strategic importance for Brazil," Sao Paulo business daily GAZETA MERCANTIL of 21 November suggested it "perhaps advisable to call for an international bid to implement the project within a framework of more transparency, something that so far has not prevailed." Referring to the controversy surrounding the project, GAZETA asserted the need for it to be free from "any doubt of its importance for the country and of its associated contract and execution."

Roundup of Economic Reports Through 1 Dec

PY0412173295

[FBIS Editorial Report] The following is a compilation of reports on economic activities in Brazil monitored through 1 December.

BASIC LEADING INDICATORS

Industrial Activity Index — The Activity Level Indicator, INA, in October, calculated by the Economy Department of the Sao Paulo State Federation of Industries, grew by 4.3 percent with respect to the previous month. It was the first positive result registered by the Sao Paulo industry since March. With respect to October 1994, the INA dropped by 6.8 percent. With respect to March, it dropped by 19 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 2229 GMT 30 Nov 95)

FINANCIAL OPERATIONS

Salary Compensation Fund Deficit — Planning Minister Jose Serra on 22 November reported that during the first 12 months of implementation of the real (R), the deficit of the Compensation Fund for Salary Variations — FCVS — jumped from R30 billion to approximately R51 billion. The minister said the main reason for this growth is that the deficit has been corrected by the Reference Interest Rate, which has surpassed inflation. (Sao Paulo GAZETA MERCANTIL in Portuguese 23 Nov 95 p B1)

Government Eases Credit Restrictions — The government has adopted three measures to ease credit restrictions. The period for credit and financial operations, including direct consumer credit, has been extended from three to six months. The government has also allowed the financing of credit card purchases in up to four installments. The third measure provides for the reduction from 5 to zero percent of the compulsory deposit that the Central Bank demands on all bank credit operations. This will mean to release 1.4 bilion reals into the economy. (Sao Paulo AGENCIA ESTADO in Portuguese 2327 GMT 29 Nov 95)

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Loan for Minas Gerais — President Fernando Henrique Cardoso on 30 November signed a $198 million agreement between the Union and the World Bank, for completion of the work on the Belo Horizonte subway, whihc began 13 years ago. So far, $470 million has been spent in the project. (Sao Paulo AGENCIA ESTADO in Portuguese 1905 GMT 30 Nov 95)

Record Number of Bankruptcies — The Sao Paulo Commercial Association registered 1309 bankruptcy requests in November. This is the largest number of requests in 32 years. November is the fifth consecutive month in which there were more than 1,000 bankruptcy requests. There have been 8,830 bankruptcy requests between January and November 1995. This figure is larger than the number of requests in 1993 and 1994. (Sao Paulo AGENCIA ESTADO in Portuguese 1258 GMT 30 Nov 95)

Farmers' Debt Conversion — The National Monetary Council on 29 November established the rules for conversion of farmers' debt into government bonds. Although not all details have been established, the Council authorized the Treasury to issue bonds for a total of up to R7 billion. The executive branch still has to decide whether the Treasury will guarantee the total value of each conversion operation. (Sao Paulo AGENCIA ESTADO in Portuguese 2250 GMT 29 Nov 95)

FISCAL, MONETARY ISSUES

Conditions for Economico Bank Purchase — The law of silence that the Central Bank imposed on the banks that want to buy the Economico Bank, whose liabilities amount to R1.8 billion, is still valid. In Rio de Janeiro, only the Opportunity and the Bozano, Simonsen banks have publicly expressed their interest in the operation. The Interatlantico bank declined to engage in the deal after it received a report from the Swiss Bank, which was contracted by the Central Bank for auditing the Economico bank. Sao Paulo bank Excel is also reportedly interested in buying the Economico bank. (Sao Paulo AGENCIA ESTADO in Portuguese 2052 GMT 29 Nov 95)

TRADE ISSUES

Orange Juice Production — Sao Paulo is expected to produce 900,000 tonnes of orange juice in 1995, that is, 13 percent below production of the previous season. This year, however, the production of fruits will be 4.5 higher — 325 million boxes — than in the previous season. The lack of prospects on the international market gives no chance for increasing juice production. Brazil has practically lost the U.S. market, which in this season will buy less than what the Japanese are buying. Two years ago, the United States imported from 400,000 to 500,000 tonnes of Brazilian orange juice. This year, U.S. imports will be of 65,000 tonnes. (Sao Paulo GAZETA MERCANTIL in Portuguese 24-26 Nov 95 p 1)

Oil Production Contract — The North Sea Production Company, which is a joint venture in which Tenenge — an enginering company of the Odebrecht group — holds 50 percent of the stocks, on 22 November announced in London that it won a tender sponsored by Conoco UK Ltd, of the DuPont group, for production of oil in a Northern Sea oil field. The contract, which has already been signed, provides for converting a tanker into a mobile oil platform. (Sao Paulo GAZETA MERCANTIL in Portuguese 23 Nov 95 pp 1, C5)

Oil Investment Abroad — Braspetro — Petrobras International, Inc. — investments abroad will grow by 51.1 percent in 1996, reaching $192 million. Of this amount, $137 million will be invested in existing programs, and $60 million in new projects. The largest investment will be made in Angola: $66 million. Braspetro President Jose Coutinho has told GAZETA MERCANTIL that in 1996, Braspetro will begin prospecting for gas in Bolivia, near the Argentine border. The respective contract has already been negotiated with Bolivian Government Oil Deposits, pending its signature. In Venezuela, Braspetro has been qualified to prospect for and produce oil. (Sao Paulo GAZETA MERCANTIL in Portuguese 23 Nov 95 pp 1, C5)

Estimated Trade Deficit — Industry and Commerce Minister Dorothea Werneck on 30 November estimated that in 1995, Brazil will register a trade deficit of $2 to $3 billion. The minister declined to refer to the targets for 1996, but whe said that in 1999 the trade flow will reach $126 billion, with an average annual growth of 8 percent. In 1994, the trade flow was of $77 billion. Werneck added that Brazilian trade accounts for 1 percent of world trade. (Sao Paulo AGENCIA ESTADO in Portuguese 2017 GMT 30 Nov 95)

Electrical System Restructuring — During the International Conference on the Restructuring of the Brazilian Electrical system, the French enterprise EDF and Great Britain's PowerGen expressed their interest in investing in Brazil. EDF Director Carlos Birr Meza said his enterprise has $3 billion for international investment in 1996. Of this amount, 20 percent will be invested in Latin America. (Sao Paulo AGENCIA ESTADO in Portuguese 1854 GMT 29 Nov 95)

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Chile

Businessmen Seek Investment Opportunities in Cuba

PY0412155895 Santiago EL MERCURIO in Spanish 28 Nov 95 pp B10, B11

[Article by Liliana Romo G.]

[FBIS Translated Excerpt] [National Renewal Party] Senator Sebastian Pinera, a shareholder of Ladeco — the Chilean airline that has seen the number of passengers on its flights to Havana increase fourfold in 1995 — reported that "many Chilean businessmen are interested in doing businesses in Cuba, a market of 12 million people. Manuel Feliu and Carlos Cardoen have already set up shop there. Andronico Luksic has been to Cuba on several occasions of late, attracted by real estate development. He is working in partnership with the Cruzat Group. Several more entrepreneurs will probably participate in that project."

The succession of personal and private meetings between Fidel Castro and each of these leading businessmen was followed by working meetings between Cuban authorities and top-ranking managers from Laboratorios Chile, Enersis Inc., Endesa [National Electric Company Inc.], and Chilectra [Chilean Electric Company Ltd.], among 200 Chilean representatives and businessmen who went to the Caribbean island this year seeking new ways to internationalize their economic activities. [passage omitted]

Alejandro Sule — son of Anselmo Sule, the Radical Socialist Democratic Party chairman and general manager of Santa Ana Inc., which has been a pioneer company in foreign trade with Cuba since 1992 — pointed out: "For Chilean entrepreneurs, Cuba was the option from hell. The rejection they felt was mainly due to their absolute ignorance of what was happening in Cuba on the economic front — which is a taboo subject." [passage omitted]

As a result of Feliu's visit to Cuba, the Concepcion Bank became the consultant of Cuba's National Bank. Last week, Feliu resigned the presidency of Concepcion Bank, which he had held since that banking establishment was purchased by the National Mining Company.

It was the Concepcion Bank that enabled Autovaz (Lada) shareholders to meet in Russia, where 230,000 capitalists could not find a square or a stadium — not even a place in Siberia — to meet until the Chilean bank devised a system of powers of attorneys that enabled 2,000 worldwide shareholders to finally meet.

Like many Latin American politicians and entrepreneurs, Carlos Cardoen — the only private arms manufacturer under the Chilean military regime, which had Saddam Husayn as one his best clients at a time when the United States was fighting the fundamentalist regime of Ayatollah Khomeini — consulted Cuban physicians to solve family problems.

He set up shop in Cuba before any other Latin American investor. In 1990, he came across his childhood friend Max Marambio, an exile in Cuba and former chief of the Group of Personal Friends (bodyguards) of former Chilean President Salvador Allende, a socialist who was overthrown [in a coup in 1973]. They subsequently engaged in the productive management of 12,000 hectares of citrus, the packaging of 100 percent fresh juice in Tetrapak cartons (Swedish technology), and the exportation of 10 million liters of juice per year to hotels in the Caribbean, Mexico, and Europe. [passage omitted]

Paper Reports Army Promotions, 1996 Appointments

PY0412160295 Santiago EL MERCURIO in Spanish 30 Nov 95 pp C1, C4

[FBIS Translated Text] In early December the 45 generals who make up the Army high command will assume the new posts to which they were assigned in October, when the Army completed its yearly evaluation process.

There will be few changes in 1996 at the rank of general (three-star generals) as well as at the rank of brigadier general (two stars).

In the first group, of the seven officers with the rank of major general, only Rafael Villarroel Carmona has been assigned a new post. He will assume command of the Santiago military garrison, replacing retiring General Carlos Krumm. Of the second group, only 15 of the 37 posts will be replaced next year.

The most noteworthy of the new appointments are those of Generals Eugenio Videla, Luis Cortes Villa, and Hernan Nunez, who have been criticized by some sectors for statements made during the past few months.

Videla leaves the leadership of 2d Army Division, headquartered in Santiago, to assume — despite rumors to the contrary — a more important but less well-known institutional post, that of operations director.

Gen. Nunez ends his term as Army training commander and will travel to Valdivia to assume command of the 4th Army Division, replacing Gen. Sergio Candia.

Gen. Cortes Villa will continue in his post as commander of the Army logistic department.

In addition to Gen. Krumm, Brigadier Generals Florencio Tejos, Jose Carrera, Jorge Lagos, Raul Moyano, and

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Rodolfo Sanchez Rubio will retire from the Army this year.

The Army high command will thus include one captain general (five stars), seven major generals (five stars), and 37 brigadier generals, of which one — Military Bishop Msgr. Gonzalo Duarte — is an honorary post.

It was leaked that new changes in the high command may take place in mid-1996, before October, to adjust the Army structure to its modernization plans.

Should no last-minute changes take place, the posts and functions that each of the aforementioned officers will fulfill during 1996, in order of seniority, are the following:

Gen. Augusto Pinochet, commander in chief of the Army, and Major General Guillermo Garin Aguirre, deputy commander in chief.

Maj. Gen. Richard Quaas Bornscheuer will continue as chief of staff and Maj. Gen. Ramon Castro Ivanovic as commander of the 1st Army Corps, headquartered in Iquique.

Maj. Gen. Jaime Concha Pantoja will continue as inspector general, Maj. Gen. Hernan Ramirez Rurange as commander of the Southern Military Region, and Maj. Gen. Javier Salazar Torres as national mobilization director general.

As noted earlier, even before Gen. Carlos Krumm retired, Maj. Gen. Rafael Villarroel will assume command of the Army general garrison in the Metropolitan Region.

Brig. Gen. Fernando Torres Silva will remain as Army prosecutor.

Brig. Gen. Eugenio Videla Valdebenito will take over as operations commander and Brig. Gen. Osvaldo Acevedo Trujillo as logistics director.

Gen. Luis Cortes Villa will continue as logistic support commander and Gen. Guillermo Sanchez Rojas as administrative support commander.

The following brigadier generals will also remain in their posts: Ricardo Izurieta Caffarena as military attache in Washington, Sergio Moreno Saravia as head of the military institutes, and Eugenio Covarrubias Valenzuela as intelligence director.

Carlos Chacon Guerrero, former commander of the 1st Division, will take over as ordnance commander. Jaime Izarnotegui Valenzuela will continue as personnel director, Cesar Streitt Gonzalez will take over as commander of the 7th Division, and Sergio Candia Munoz will soon assume command of the war materiel department.

The following brigadier generals will also remain in their posts: Victor Lizarraga Arias, head of the advisory committee; Luis Iracabal Lobo, FAMAE [Army Ordnance] director; Juan Lucar Figueroa, commander of the 5th Division; Enrique Gillmore Callejas, director of the Military Geographic Institute; and Juan Nielsen Stambuk, deputy director of the Inter-American Defense College in Washington.

Brig. Gen. Raul Carvajal Davidson will take over as rationalization director and Sergio Espinoza Davies will continue as head of the engineers command.

Brig. Gen. Hugo Jaque Valenzuela will take over as commander of the 6th Division after spending two years as deputy commander of the National Defense Staff.

Juan Emilio Cheyre will continue as military attache in Spain, Hernan Retes Santelices as head of the Telecommunications Command, Manuel Vitis Engelsberg as head of the health department, Martin Munoz Baez as head of the General Staff's Control and Projections Department, and Francisco Perez E. as chief of staff of the 1st Corps.

Brig. Gen. Alejandro Martin Juremann will assume command of the 1st Division, Hernan Nunez Manriquez of the 4th Division, and Emilio Timmermann Undurraga of the 2d Division.

Brig. Gen. Rene Norambuena Veliz will continue as transportation commander and Abraham Bustos Letelier as finances director.

The six officers recently promoted to brigadier general will assume the following posts: Eduardo Covarrubias Valenzuela, 3d Division commander; Hugo Arias Saez, training director; Jorge Lazo Pozzi, head of the Aviation Brigade and of the military garrisons in the Sixth and Seventh Regions; Maximo Altamirano Falkenstein, deputy commander of the 2d Division; Luis Jofre Gonzalez, deputy commander of the 3d Division; and Roberto Arancibia Clavel, director of the National Political and Strategic Studies Academy (ANEP).

Colombia

President Views Difficulties With Investigation

PA0512040495 Mexico City NOTIMEX in Spanish 2053 GMT 4 Dec 95

[FBIS Translated Text] Santa Fe de Bogota, 4 Dec (NOTIMEX)—Colombian President Ernesto Samper admitted today, that the past months have been the most difficult in his life due to the investigation against him on charges that link his electoral campaign to the mafia.

"The times we are living are not the best, but they are our times," the Colombian president stated during the

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installation of the National Coffee Producers Congress, where he also announced a package of measures to get the coffee producers out of the crisis they are currently facing.

Samper asserted, "during the past months, when I have had to face difficulties that I never imagined, I have learned that it is worthwhile to fight amid the tempest when you are defending a good cause."

The Accusations Committee of the Chamber of Representatives will decide this week if it opens a formal investigation against the Colombian president for his alleged involvement in getting drug traffickers' money to enter his campaign or if it ends the case that has splattered renowned local politicians.

Since the scandal exploded last July, the Colombian Prosecutor's Office is furthering a parallel investigation and has arrested three former members of Samper's campaign, including Fernando Botero who was his campaign director and later, his defense minister.

Before delegates of more than 20 coffee-producing communities, Samper said he was concerned with the situation confronted by the Colombian coffee producers due to the drop in the price of the bean in the international market.

Samper reported that he has launched the "Revamping Campaign" [Operacion Reconstituyente] to promote the production of coffee so that this activity can again be the leader in the local economy.

In this context, the president indicated that the Colombian Government is preparing measures to alleviate the coffee producers' debts, which amount to approximately 265 billion pesos.

According to the president, the objective of the operation is to further productivity in the fields and improve domestic and foreign marketing channels.

The coffee producers received the program, slated for a two-year period, with satisfaction and said it was a first step in the search for solutions to the crisis they are currently confronting.

Politicians View Proposed Political Trial of Samper

PA0512023895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 5 Dec 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] In Monteria, Heyne Mogollon, who is investigating President Samper, today backed the proposal to hold a political trial [juicio politico] of the president, indicating that Congress is the best branch of government to undertake this task. Other leaders have reacted to the proposal.

[Begin recording] [Liberal Party President Luis Fernando Jaramillo] In truth, there are no grounds to accuse and eventually convict the president for the presence of drug money in his campaign. Yes, it is advisable to hold a political trial even though it would now be much less significant.

[Conservative Party President Jaime Arias] I think this would be very useful for the country, and the people would be left more satisfied than with the simple decision of the Accusations Committee. [end recording]

Warrants Issued Against Nine Cali Cartel Members

PA0512034295 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 5 Dec 95

[Interview with Deputy Police Commander General Luis Enrique Montenegro by reporter William Calderon at the Police Directorate in Bogota; from the "Seven O'Clock Newscast"—live relay]

[FBIS Translated Text] [Calderon] Arrest warrants have just been issued against nine Cali Cartel members, all of them front men and lieutenants of Elmer Herrera Buitrago alias Pacho Herrera. The nine are managers and board members of at least 56 businesses used by Pacho Herrera to launder dollars in Colombia. Good evening General. Why were the arrest warrants issued?

[Montenegro] After several searches conducted by the Office of the Prosecutor, it has been established that Cali, northern Valle, Bogota, and Villavicencio are Pacho Herrera's property [as heard] or that of his front men. This is why the arrest warrants have been issued. We also believe that Pacho's brother William Herrera is involved in international drug trafficking.

[Calderon] Sir, are you going to issue an arrest warrant against William Herrera?

[Montenegro] We are discussing this issue with the Office of the Prosecutor General and [word indistinct] and will later proceed to implement security measures. [sentence as heard]

Case 8000 Said Affecting Legislative Work

96CA0066A Santa Fe de Bogota EL TIEMPO in Spanish 27 Nov 95 p 6A

[Article by political reporter Ernesto Cortes Fierro]

[FBIS Translated Text] The Congress of the Republic has never been the same since 21 April 1995.

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On that day, Prosecutor General Alfonso Valdivieso released the list of eight congress members whose conduct the Supreme Court was required to examine for presumed connections with the drug traffic. That number has now reached 20.

Since then, there has been no other issue occupying the legislators' attention more than the so-called case 8000. Most of them have reviewed the details of their last campaign on repeated occasions: dates, receipts, bills, hotels, honorary functions, invitations, and even photographs that they had taken.

The president's subsequent announcement, calling upon the Chamber's Accusations Commitee to examine his conduct, in view of the charges that his campaign had been infiltrated with money from the Mafia, converted the legislative uncertainty into a lack of personal motivation.

Today, the legal situation of the 20 congress members and the crisis confronting President Samper personally have reinforced that impression, and the work of the chambers has obviously been hurt.

On the one hand, the government began dealing with business in an "epileptic" manner, as Senator Juan Martin Caicedo put it, in what he claimed to be its eagerness to change the course of the debates on the irregularities in the campaign.

He remarked: "That was when the political reform was proposed: committees were formed, they worked overtime, and nothing has materialized to date. On the contrary, the Congress has actually wasted valuable time."

The fact that, as has seldom occurred in history, so many congress members appear mentioned in judicial proceedings has been another reason for attrition. Senator Juan Guillermo Angel commented: "Not only is the Congress in the predicament of having a poor image in the public's eyes, but there is also a poor self-image and self-esteem on the part of the congress members themselves."

"What is going on in the Supreme Court at present?" is the question invariably being asked every day by congress members of reporters, waiting for new disclosures. Whole hours are being spent attempting to analyze the scope of the measures adopted by the Supreme Court or the Prosecutor General's Office.

Caicedo noted: "That suspense necessarily slows the pace of the Congress' activity."

Another factor is added to this: the responsibility for acquitting or formally accusing the chief executive is borne by a legislative committee, the Accusations committee. This decision is soon to be made. There are 15 congress members who, ever since they assumed that task, have been living in fear of threats and the public's inquiring eye.

The preceding is reflected in the number of laws passed. Whereas, during the legislative period from 20 July 1993 to 20 June 1994, 42 laws were approved, between 20 July 1994 and 20 June 1995, only 24 reached President Samper's hands.

Senator Parmenio Cuellar observes: "The congressional initiative has declined. We are about to end this term, and show me any important law that has been debated! It is likely that, at the last minute, approval will be given for a few urgent bills, and nothing else."

According to Cuellar, until the political situation being experienced by the country today is resolved, neither the government nor the Congress will be able to continue working normally.

Abrogation, Another Fear

"The people are fed up with this business, and convinced that, sooner or later, they will close this messed-up place."

That remark, aired by a congressman from the coast, began to circulate in corridors and offices. It penetrated the minds of the legislators, and became an issue that has them divided at present.

This is so mainly because there is a belief that such a possibility, if practicable, will necessarily be accompanied by a resignation of President Samper.

Senator Omar Florez expressed the view that, "The crisis has an ethical and moral dimension, and such problems cannot be resolved with political solutions, because the problem is not political. If it were, it would be settled with a cabinet reshuffling. But it involves a situation of vast dimensions, in which our democracy is viewed as weak by the national and international community. Hence, a closing of the Congress cannot be precluded."

Representative Luis Fernando Duque asserted flatly: "The president will not fall, nor will they close the Congress, although it must be admitted that the country has never undergone such a drastic test."

Senator Eduardo Pizano, for his part, declared: "Many congress members support the president's remaining in office, because his departure would mean that whoever replaced him would have to make the decision to close the Congress. Now, I wonder: are we sacrificing the truth to prevent their closing the Congress?"

During the past few days, the announcement of a "hard line" in the Liberal Party and the confrontations between

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the party and members of the cabinet have even further intensified the uncertainty over the congressional.

Caicedo Ferrer explained: "President Samper has not exercised his role as head of the party, because he has had to deal with his own problem. So, the party is out of control, and these signs of disagreement are appearing, necessarily depriving the Congress of its rate of activity."

An Uncertain Future

The foregoing has caused a hardening of the criticism leveled against the Congress, to the extent that it is not uncommon to find various congress members seriously considering the possibility of not returning to their seats.

They include the Liberals, Juan Guillermo Angel, Camilo Sanchez, German Vargas, and Ramon Elejalde, and the senator from New Democratic Force, Eduardo Pizano.

The course of events will be determined largely by the report that is about to be submitted by the investigator of the president, Heyne Mogollon. And its impact will not be felt on Narino Palace alone; rather, it will resonate most particularly in the very foundations of the Congress.

Reportage on 'Hard Line' Congress Members' Plight

'More Respectful Treatment' Desired

96CA0067A Santa Fe de Bogota EL TIEMPO in Spanish 20 Nov 95 p 6A

[FBIS Translated Text] Nearly 30 Liberal Party congress members have become tired.

They are tired of being the ones who "stick up" for the government when it comes to passing laws while, at the same time, being considered a drag on the party by the administration's elite.

They claim that, at important events, President Samper himself talks about "my government's" achievements, and that acknowledged leaders of the party refer to their administration as "the Samper government."

This has prompted a sizable group of Liberal senators (about 30) to form what they themselves have called the party's "hard" line. It is ready to refuse to allow itself to be guided any longer by the "whims" of the executive branch. Rather, it intends to demand a more respectful treatment toward those who risked everything for the Colombian people's current chief executive.

The "hard" line reportedly includes, among others, the following congress members: Carlos Celis, Nicanor Gonzalez, Armando Pomarico, Jose Name, Camilo Sanchez, Tito Rueda, Hector Heli Rojas, Ricardo Losada, Maria Cleofe Martinez, Rodrigo Villalba, Bernardo Guerra, Jose Ramon Elias Nader, Salomon Nader, Hernando Pinedo, Eduardo Pazos (Senator Julio Cesar Turbay's second in line), Luis Eladio Perez, Carlos Abadia, Jaime Vargas, Armando Holguin, and Vicente Blel.

What is it that has displeased the Liberals? Several things. To begin with, the first agreement made between the head of state and the Conservatives, aimed at achieving the latter's stay in the government.

The Liberals claim that the president did not gauge the scope of the commitment and that now, not only are the blue ranks, followed by some Liberals, determined to scrap the tax reform, but one sector of them also has begun a dangerous, systematic attack against the administration.

Nor were they pleased by the recent call for a national agreement or "accord on fundamental matters" issued by Samper to the country's different political forces.

The disgruntled Liberals claim that the Congress is the ideal place for issuing this type of call, because it is there that the most diverse political movements and the most dissimilar beliefs converge.

One of the Liberals queried commented: "The president visits the Congress only when he wants us to follow his proposals like sheep."

Meeting With Samper

Finally, they also disliked President Samper's recent meeting with his leading critic, the ex-candidate Andres Pastrana. Senator Guerra declared: "With that act, the president gave a presence again to the one whom the party had blamed for everything that is happening."

The "hard liners" appearing in the Liberal Party point out that their intention is not to put up a systematic opposition to the government, but rather to clarify with the president whether the party that brought him to power counts for anything when it is time to make all-important decisions.

They claim that they also will take advantage of this occasion to "tell him the truth about what the public thinks," because they believe that, thus far in the government's term, the chief executive's main obstacle has been the way in which he has been advised.

Those who have joined the so-called hard line group will attempt to meet this week, in order to decide whether to submit their "list" of complaints through a direct appointment with the chief executive, or whether they

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ould opt for a less expeditious route, which would be to send a letter to Samper.

They also will engage in a series of contacts with the members of the Liberal Party Directorate, so that it may call a meeting of congress members before the present legislature ends.

Samper To Meet With 'Hard Line'

96CA0068A Santa Fe de Bogota EL TIEMPO in Spanish 22 Nov 95 p 9A

[Article by political reporter Ernesto Cortes Fierro]

[FBIS Translated Text] Next week, the president of the republic, Ernesto Samper Pizano, will meet with his Liberal Party's so-called hard line, to listen to the complaints of those who have been feeling crowded out by the government.

This was confirmed last night, after a meeting that took place at the residence of the Santander senator, Tito Rueda Guarin, attended by several members of the Liberal Party's "hard line" in Congress.

Although the appointment with the chief executive had been set for tonight, Samper's attendance at the holding of the traditional Banquet of the Million forced its postponement for at least eight days.

At last night's meeting, described by the attendees as "preliminary," various topics were brought up. However, the central theme of the discussions revolved around the agenda that the group will submit to the president for his analysis.

As this newspaper revealed earlier, the Liberals have expressed their disapproval of the way in which the Executive Branch has been holding talks with other political forces in the country, relegating their party's spokesmen to a secondary level.

Senator Bernardo Guerra remarked: "This has caused the notice of a meeting recently issued by the president to virtually fall on deaf ears."

Rueda Guarin added: "He has kept us members of Congress, who are the people's spokesmen, on the sidelines."

The "hard line" does not even preclude the possibility of telling the chief executive to govern with his own party exclusively, and to "let others fill the role of opposition, taking a stand on whether they are going to criticize or support the government," as Rueda noted.

The dissenting Liberals also will make proposals relating to the issues of law and order, the political crisis facing the government, and the manner in which the chief executive has been advised.

Senator Rueda warned: "If there is no satisfactory response, we shall have to harden our position toward the programs being promoted by the government."

In fact, the congressman claims that Samper does not view them with respect. Hence, in his own words, they will prove to him that they do not intend to continue being "capitulators" when it is time to approve the proposals emanating from the Executive Branch.

At last night's meeting, the following senators had confirmed their intention to attend: Carlos Celis (Norte de Santander), Gabriel Camargo (Cundinamarca), Vicente Blel (Bolivar), Carlos Abadia (Valle), Bernardo Guerra (Antioquia), Jose Name (Atlantico), Ricardo Lozada (Bogota), Maria Cleofe Martinez (Cesar), Adriana Teresa Vasquez (Narino-replacing Hernando Suarez), Rodrigo Villalba (Huila), Hernando Pinedo (Magdalena), Eduardo Pazos (Cundinamarca-replacing Julio Cesar Turbay), Armando Holguin (Valle), Hector Heli Rojas (Cundinamarca), Gustavo Espinosa (Valle), Luis Eladio Perez (Narino), Jorge Ramon Elias Nader (Cordoba), Armando Pomarico (Magdalena), Jaime Vargas (Atlantico), Salomon Nader (Atlantico), Juan Jose Garcia (Bolivar), and Juan Carlos Castro and Tito Rueda (Santander).

When queried on the subject, the chairman of the Liberal Directorate, Luis Fernando Jaramillo, remarked that, before making an official pronouncement, he would prefer to wait until the group is consolidated.

Defending 'Liberal Ideology'

96CA0068B Santa Fe de Bogota EL TIEMPO in Spanish 23 Nov 95 p 9A

[FBIS Translated Excerpt] Yesterday, the group comprising the members of the Liberal Party's so-called hard line was officially formed, numbering 30 members of Congress thus far.

Through a press release, the congress members indicate that the purpose of the group's formation is to defend the Liberal ideology, "over and above the individual concerns and responsibilities of its leaders and members."

The announcement was made after a meeting held on Tuesday night, at which it also was agreed to study the agenda that the group will submit to President Samper next week.

Although several of those who attended the meeting claimed that there was no intention of making a direct attack against the president of the republic and his government, it was established that there was strong criticism against most of the cabinet members, especially the head of the Interior Ministry, Horacio Serpa Uribe.

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Some maintained that he is creating the climate for his presidential candidacy by assuming bureaucratic positions.

In the press release issued to the public yesterday, the "hard line" declares that it will defend Congress as the forum serving as an essential center for the political debate, "to independently exercise the function of legislating and debating the major national issues without commitments to the government."

The group adds that it will become an effective bridge between the Congress and the Executive Branch, to demand and support the implementation of the political and economic programs that were proposed by the chief executive during the presidential campaign.

The Liberals belonging to this group called upon their colleagues in the Chamber of Representatives, deputies, and council members, as well as rank and file members nation-wide, to join their ranks. [passage omitted]

ANIF Comments on Economic Growth Figures

96CA0048A Santa Fe de Bogota EL TIEMPO in Spanish 10 Nov 95 p 7D

[Unattributed article]

[FBIS Translated Text] The assumption that the country's economic growth is founded upon the boom in the drug trade is beginning to lose its impact.

This is the view of the National Association of Financial Institutions [ANIF], an agency that made an analysis yesterday of the current economic situation and the figures submitted on Wednesday by the National Department of Planning (DNP), according to which the economy has grown 5.5 percent.

Although the financial association admits that the battle against the so-called Cali Cartel could be playing a role in the declining demand, there are more forceful reasons.

The ANIF comments: "When, after the cartel's breakup, the economy has been growing more rapidly than before, despite all the negative factors cited, the necessity of the nonsense of presuming Colombia's economic 'narcodependence' becomes obvious."

The association adds that, of course, the fight against the cartel will have short-term economic costs, as occurs wherever there is a conflict.

For that reason, ANIF emphasizes that the sources of the Colombian economy's growth and its solidity have little to do with the money from that illicit activity.

On the contrary, it adds: "The drug money raised land prices, making them unaffordable for many agricultural producers. It made the dollar so cheap that many exporting industries or those competing with imports went bankrupt. It also contributed to the dissemination of the values of a criminal idle-class, which obviously run counter to the productive ethic."

According to a remark made by the association's president, Javier Fernandez Riva, the fact of the matter is that the Planning Department's calculations have destroyed the myth of the Colombian economy's "narcodependence."

The ANIF claims that, simultaneously with the drop in the international price of coffee and the curbing of demand resulting from the monetary policy, great success was achieved in the battle against the drug traffic, when it dismantled the Cali Cartel. With these combined situations, the economy has grown beyond the projections.

According to the financial association, from that standpoint the predictions of a "recession" are losing their impact.

On Planning

In commenting on the figures published by the National Department of Planning, the ANIF indicated that the estimates made by the government entity are preliminary, and subject to adjustment. Nevertheless, it admitted that, as a rule, such adjustments are made upward, because experience has shown that they are conservative.

That better-than-expected performance is due to the taxes on imports and to an adjustment in the national accounts.

The ANIF adds that the satisfactory growth in coffee production, even at the cost of the increased expenditure that this entails for the National Coffee Fund, accounts for almost half a point in the growth of the gross domestic product [GDP].

It points out that the mining sector's good performance was expected, basically because of the oil industry's thriving situation.

It considers the government correct in claiming that its contribution to the increase in total spending and to the GDP declined in comparison with the last administration.

Nevertheless, it explains that this increase is comparable to the previous one, which was exaggerated.

It underscores the performance of the communications and financial sectors, and the status of the agricultural-livestock sector—which, despite its slight growth, is reversing the negative trend of the past.

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Recent Changes in Military Command Viewed

96CA0061A Santa Fe de Bogota SEMANA in Spanish 21 Nov 95 pp 54-57

[FBIS Translated Text] Unlike what occurred in previous years, during 1995 the changes in the Armed Forces' top echelon did not arouse any great expectations, especially since, on the day of Alvaro Gomez' funeral, the government announced its decision to retain the present commanders of the Military Forces [FFMM] and the Army, Navy, Air Force, and Police in their posts. Therefore, the news emanating from Narino House and the Defense Ministry on 4, 11, and 15 November went unnoticed, scarcely mentioned by the newspapers, and receiving no space on the television newscasts.

Nevertheless, not only did really deep-seated changes occur in the military line of command, but this year will be remembered as the first time in a long while that the shake-up left by the wayside 10 Army generals, three Navy admirals, one FAC [Colombian Air Force] general, and, possibly within the next few days, three generals from the Police. Since this is considered a unique situation, SEMANA consulted experts on the subject and fully reliable military sources to find an explanation for what occurred, especially in the Army, an institution that has been the epicenter of a great many problems in recent weeks.

After holding dialogue with numerous Army officials, one necessarily concludes that, after the required annual shake-up, the strength of the military forces commander, General Camilo Zuniga Chaparro, is obvious, in contrast to the apparent weakness of the Army commander, General Harold Bedoya Pizarro. And, although the two officers maintain a good personal relationship, it is clear that differences have arisen between them during the past few months.

The officials and experts queried by SEMANA claimed that General Zuniga emerged as a winner in this episode, because he obtained the government's full support for proposing the changes, and for determining who would leave and who would remain. And, in fact, the veteran officer has managed to get his way thus far, thanks to his indomitable loyalty to President Samper, who has had Zuniga as an unconditional ally. One of the spokesmen claimed: "This is so much so that the penalty imposed on him for the improper acquisition of 50,000 pairs of boots, and the scandal in which he was implicated, with the Army cheated out of 800 million pesos at the hands of Mrs. Jaller, have not been held against him."

On the other side is General Bedoya, who has faced many problems since July of this year. First, there was the publication in SEMANA of a document of his, questioning Uribe's demobilization for some potential peace dialogues with the FARC [Revolutionary Armed Forces of Colombia]. And, although it has now been made clear that the officer had no connection with the document's release, the fact is that, at the time, the government was considering summoning him before a review board. Later, there was the cassette containing a presumed conversation between the chairman of the Chamber's Accusations Committee, Heyne Mogollon, and a bank official in Cordova. This ended up costing the Army's intelligence chief, among the persons closest to Bedoya, his position. One of SEMANA's sources asserted: "To deal with such predicaments, he has had to devote much of his time to explaining these incidents, so as to prove that he was not responsible for those leaks. In other words, he was almost on an upper level, then they nearly removed him from his post, and, finally, he was left in the middle. He has more lives than a cat, because what he has done is survive."

The sources also noted that Bedoya has remained in a kind of "sandwich" between Zuniga and General Jesus Maria Vergara, second commander of the Army, both of whom have been inseparable friends for many years. The source concluded: "What has, in fact, happened is that, because of this alliance between the number one and the number three, the officers have gradually been depriving the number two of their total confidence."

The Changes: Normal?

But the matter does not end there. The replacements in the chain of command structure of the Army and the Military Forces also have generated an enormous internal controversy, which is perceptible only when one speaks privately with the officers. For several days, SEMANA roamed the corridors and offices in the old building in which the military do their business, discovering great confusion and a lack of answers to many questions. A colonel who asked that his name be kept confidential remarked: "We could divide all this into three parts: The generals with a four in conduct began to leave, very slowly; some who did not deserve it were rewarded; and others who had been doing their job well were punished."

And, in fact, if we review the names of the generals who left the military ranks, it is not difficult to find some very interesting things: The first is associated with Bedoya's document on Uribe's demobilization. For example, although it may be mere coincidence and is not confirmed by any official source, clearly, three of the four generals who accompanied Bedoya in delivering the memorandum to the FFMM command are virtually out of the Army. They include General Rodolfo Torrado Quintero, inspector of that branch until now, to whom no post was assigned in the

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new line of command. His stay in active service will be decided this week by the defense minister, Juan Carlos Esguerra. General Eduardo Camelo Caldas also was removed from the line of command: which means his automatic retirement from the military ranks. And, although General Bernardo Urbina (who also participated in the delivery of the Bedoya memorandum) was removed two weeks ago for turning over the Mogollon cassette, the sources indicated that, in any case, the government was considering retiring him in this shake-up.

The sources consulted by SEMANA also commented on the appointment of General Ramon Niebles Uscategui as new joint chief of staff of the FFMM, and that of General Raul Rojas Cubillos, sent as the Army's representative to the Inter-American Defense Board in Washington. Regarding Niebles, the sources pointed out that, when he was holding the position of commander of the Army's 13th Brigade in Bogota, two incidents occurred for which he had to answer: first, the Altos del Portal operation, carried out by military patrols apparently working for Gonzalo Rodriguez Gacha, which culminated in the deaths of several persons. Second was the participation of a nephew of Niebles in the theft of several caches of stolen dollars belonging to "El Mexicano." Furthermore, in its No 126 issue, the magazine CAMBIO 16 stated that Niebles was among the officers who, according to high-ranking sources in the United States, had "presumed ties with organizations questioned by international agencies." Nevertheless, Niebles has the support of Minister Esguerra.

As for General Rojas, the officials queried by SEMANA remarked that it was surprising how one of the most questioned officers in the Army, who is facing an investigation for illicit amassment of wealth, has been rewarded.

So, favorable winds are not blowing among the members of the Military Forces nowadays. And, whereas it is claimed on the high echelons that what has occurred is normal, the officers watching the bulls from the other side of the fence are convinced that there are worse times ahead.

Ecuador

Minister: 'Mutual Trust' for Normalizing Ties With Peru

PY0512005095 Quito Voz de Los Andes in Spanish 2300 GMT 4 Dec 95

[FBIS Translated Text] Ecuadoran Foreign Minister Galo Leoro said today in Lima that there is an environment of mutual trust between Peru and Ecuador for normalizing their relations after the undeclared war between the two countries in their Amazon border region early this year.

Leoro pointed out that the help of the guarantor countries of the Rio de Janeiro Protocol was important for the diplomatic rapprochement between Peru and Ecuador, which he said is going well.

Leoro also noted that Ecuador is waiting for President Alberto Fujimori to officially invite Sixto Duran-Ballen to visit Lima for the Andean summit next March.

Leoro said that Duran-Ballen has already accepted such an invitation in advance.

Leoro has been in Lima since 3 December to attend the Fifth Foreign Ministerial Meeting of the Amazon Cooperation Treaty, being held in the El Olivar Hotel in the San Isidro District of Lima on 4 and 5 December.

Leoro added that during the two days he will stay in Lima, he will discuss the peace process with his Peruvian counterpart Francisco Tudela as soon as possible because it is a first priority issue for his country and for Peru. He said, however, that he did not bring any concrete proposals.

In his first remarks to the Peruvian media, Leoro said there is flexibility in the peace process. He added: We still have the military observers in the area to aid in normalizing the border region and strengthening mutual confidence.

He also indicated there is still the need for concrete agreements and for finding the appropriate environment for normalizing the relations between Peru and Ecuador.

Leoro also explained that the mine deactivation operation in the common border area between the two countries has concluded.

Regarding the nine Peruvians who were missing in Ecuador, Leoro said that of the initial nine, there is now only one missing—a student who is lost somewhere.

Peruvian Ambassador Hugo Palma said, here in Quito, that the resumption of good neighborly relations is vital for the two countries because important progress can be made in different areas for the benefit of the people living in the border regions.

Palma added that the upcoming visit of Peruvian Deputy Foreign Minister Jorge Voto Bernales to Ecuador on 13 December represents a starting point for consolidating the good relations between Ecuador and Peru. He also said that the bilateral talks that began with the visit of Foreign Minister Galo Leoro to Lima to attend the Amazon Pact summit, the visit of Voto Bernales to Quito, the upcoming visit of Galo Leoro next January,

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and the visit of President Sixto Duran-Ballen next March will contribute to the strengthening of relations between the two countries.

Ambassador Palma said President Duran-Ballen will be well received because the Peruvian people will welcome the Ecuadoran president after the military conflict between the two brother nations has been overcome.

Comptroller General 'Deceived' in Dahik Case

PY0212000895 Quito Voz de Los Andes in Spanish 1700 GMT 1 Dec 95

[FBIS Translated Text] Quito—Comptroller General Juan Carlos Faidutti has said he could have been deceived over expenditures of the discretionary funds of the Vice Presidency which are being investigated by the Supreme Court of Justice.

Faidutti said: I could have been deceived in this case and for this reason Supreme Court President Carlos Solorzano is investigating the checks and the microfilms to establish if the money from the discretionary funds were really used to safeguard the internal or external security of the state.

The comptroller general said he was not aware of the existence of discretionary fund accounts in a private bank, and not in the Central Bank as demanded by the law, even though former Vice President Alberto Dahik sent from Costa Rica documents on the accounts which carry Faidutti's approval signatures.

Faidutti has summoned the media in general to analyze those documents to verify if they carry figures and not the accounts from which the checks were drawn.

He added: I want to reaffirm this and I will continue insisting that I was not aware of the existence of said current accounts in a private bank. I only learned about them unofficially when the media announced it, and later when I received the report from the vice president of the Republic.

Faidutti said the report in which the Vice Presidency ordered the adoption of measures to prevent the publication of information on those two current accounts was handled by two of Dahik's former secretaries, who are still at large.

In an interview, Faidutti added that when he discovered the money from the discretionary funds was being handled in a private bank, he asked that they be immediately transferred to the Central Bank's account for discretionary funds.

Solorzano today issued a resolution to find out if President Sixto Duran-Ballen, can reaffirm that he was unaware of the documents on expenditures of discretionary funds from the Vice Presidency which are being investigated by the Supreme Court.

In the resolution, Solorzano asks Duran-Ballen to reaffirm and ratify his public statement which was disseminated through the social communications media, saying that he was unaware of the content of the microfilm or the documents on secret expenditures by the Vice Presidency of the Republic.

Duran-Ballen recently told the media he was unaware of the content of the documents being investigated by the Supreme Court, although through a decree he declared himself the sole custodian of said documents which he declared to be secret.

Solorzano's resolution was issued when it was learned yesterday that Dahik sent copies from Costa Rica of 10 documents showing the account of secret expenditures being investigated by the Supreme Court. Copies of those documents will be included in the criminal action against Dahik, even though they refer to secret expenditures.

Court President Continues Study on Discretionary Funds

PY0512105995 Quito Voz de Los Andes in Spanish 2300 GMT 4 Dec 95

[FBIS Translated Excerpt] Supreme Court President Carlos Solorzano went today for the third time to the Central Bank to study the microfilms of the discretionary funds of the vice presidency that are kept in the bank's vault.

The study began this morning and lasted approximately two hours. Solorzano was accompanied by an expert, an official of the Superintendency of Banks, and two officials of the Pacific Bank.

Solorzano did not make any comments at the conclusion of the visit, but it was learned that the first phase of revision and study of the microfilms may end after two more sessions and that the Economic Auditing Division will take charge of the study to determine if the discretionary funds were diverted for illegal use. [passage omitted]

Peru

Fujimori Notes Rincon's Capture; MRTA 'Dismantled'

PY0412160495 Lima Radio Programas del Peru Network in Spanish 1700 GMT 1 Dec 95

[FBIS Translated Excerpt] After 12 hours of tension, the combined police and security forces captured Miguel

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Rincon Rincon, comrade Antonio, the second man of the Tupac Amaru Revolutionary Movement, MRTA, who along with 12 terrorists took a group of people hostage and sought refuge in a house of La Molina district.

Four terrorists and one noncommissioned officer of the National Police were killed in the clash, and five terrorists and two policemen were wounded. [passage omitted]

President Alberto Fujimori said through this radio station that Miguel Rincon was captured thanks to the strong police action. He confirmed that four terrorists were killed and that many of them were minors.

[Begin Fujimori recording] It was not a surrender; they were captured through a strong police action. Miguel Rincon Ricon, who is also known as Carlos Novoa Narvaez, comrade Francisco, the second MRTA leader was captured. Rincon sought refuge in La Molina Vieja district with 14 or 15 terrorists, all of them minors from the central mountain range region with ages ranging from 16 to 18 years old. There were some women among them. Four terrorists were killed and several were wounded. There were no casualties among the hostages. Three policemen were wounded. [end recording]

Fujimori said this is an important capture because the MRTA has now been dismantled.

[Begin recording] This is one of the most important captures of MRTA members. In the list of MRTA leaders wanted by the police, Rincon is one of the main leaders along with Serpa Cartolini who is still at large. Among those on the list, the most dangerous one, Hugo Avellaneda, has already been captured. It is known that (Rodolfo Kein Samanes) and (Walter Palacios) are living abroad. There are others of the intermediate command who are not too important. But the capture of Miguel Rincon will have a strong impact and will help to dismantle the MRTA even further. [end recording]

Fujimori revealed that during the follow-up operations carried out by the police, the possible participation of foreigners was discovered.

[Begin recording] The final operation of the follow-up began when the activities of an alleged Panamanian woman were filmed. I say allegedly Panamanian because she is probably using forged documents. This woman lead the police to another woman who [words indistinct] as well as a Bolivian woman. Also, the American woman—well, the alleged American woman, because her real identity needs to be confirmed, made several trips to the countries where there are subversive activities. As a MRTA member she probably had contacts in other countries. [end recording]

President Fujimori pointed out that during the capture of the MRTA members, the police seized large quantity of weapons.

[Begin recording] The police seized 13 rifles, including one AKM and two FAL rifles, and also something interesting to note, the seizure of 13 submachine guns, and probably an antiaircraft weapon. This is why this group was dangerous. It is probable they got the weapons from drug traffickers. Also, the MRTA has connections in other countries. These groups can be a threat to any country. [end recording]

MRTA Terrorists Planned To Take Over Congress

PY0512020595 Madrid EFE in Spanish
1743 GMT 2 Dec 95

[FBIS Translated Text] Lima, 2 Dec (EFE)—The Peruvian press reported today that the Tupac Amaru Revolutionary Movement, MRTA, was planning to take over Congress and take several congressmen as hostages to exchange them for their imprisoned leaders.

EXPRESO, based on police sources, said the takeover of Congress was to be directed by MRTA leader Miguel Rincon and carried out by about 20 men armed with automatic rifles, grenades, and rocket launchers.

The plan failed, however, when Rincon and all the other subversives were captured on 1 December in a house in the exclusive Chacarilla district of Lima as they were preparing to implement the plan.

According to the daily, the Peruvian Congress was to be taken over on the night of 1 December at the conclusion of the plenary session.

According to the plan, before the takeover of Congress, another terrorist group was to take over a supermarket in Lima to distract the attention of the security forces and to take advantage of the factor of surprise.

With these actions, the subversives hoped to obtain the release of their top leaders, Peruvians Victor Polay Campos and Peter Cardenas Shulte and Chilean Jaime Castillo Petruzzi, who were sentenced to life imprisonment and are being held at high-security prisons.

As the MRTA operation failed, it is certain that Miguel Rincon will be sent to the same prison where the other leaders serving life sentences are being held.

In addition to Rincon, the police captured five foreigners (two Chileans, one Bolivian, one U.S. citizen from Puerto Rico, and one Panamanian) who are linked to

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the MRTA but whose identities were not revealed by the police.

The plan was neutralized and the captures were the result of an investigation carried out for almost six months by agents of the National Counterterrorism Directorate (Dincote) of the Peruvian National Police.

According to officials, MRTA activities had been reduced considerably, and now with Rincon's capture, this organization has practically been dismantled. Only one of its founders, Nestor Serpa Cartolini, is still free.

According to press reports, however, Serpa deserted the organization long ago and left for Panama.

[Madrid EFE in Spanish at 1653 GMT on 3 December transmits a report noting that President Alberto Fujimori showed, on the Frecuencia Latina television network, pictures and blueprints indicating that the terrorists were planning to take over Congress. Fujimori also "confirmed that three foreigners were captured during the operation, and he showed the passports of two of them—U.S. citizen Helene Berenson and Panamanian Pacifico Castrejon."]

Daily on Military Ties With Drug Traffickers

PY0112204295

[FBIS Editorial Report] Lima LA REPUBLICA in Spanish on 9 Nov, pages 16 and 17, carries a 1,800 report by Angel Paez on the testimony of drug kingpin Cachique Rivera, also known as "Teniente" or "Negro," to attorney Juana Cordova de los Santos on his deals with the military and policemen stationed in the Pichis-Palcazu valley.

The report states that when asked to give the names and nicknames of the military men, policemen, and civilian authorities to whom he paid protection money to be left alone, Rivera refused to do so. He added that he always built in $55 per kilo to cover bribes for the police so that they would allow him to smuggle the drugs from Colombia into Peru along the Palcazu River. He explained that he also paid Army officers, mayors, justices of the peace, governors, and peasants defense patrols in Ciudad Constitucion and Iscozacin, in Oxapampa Province, in the jurisdiction of the Mantaro Front which was headed by General Luis Perez Documet during 1991-92 and by General David Jaime Sobrevilla, also known as "El Abuelo," during 1993-94. The money was paid via an individual known as "El Gato" who did not belong to Rivera's firm but who acted as a liaison between the authorities and the traffickers.

Rivera explained that he did not deal directly with the authorities, but that every two weeks "El Gato" delivered as much as $7,500 to the police authorities, and $5,000 to be distributed among lower-ranking policemen after the police base moved to Ciudad Constitucion eight months ago. The military, based in Ciudad Constitucion for the past two years, received their payments via "El Gato" or "Piquito" and Milagros Reategui, also known as "La China," who was the friend or lover of Army Major Jorge Morales Hidalgo, also known as "Negro," who was only an intermediary because he passed the money on to his boss, Colonel David de Vinatea Cornejo, also known as "Josue," who lead the front's National Security Area "J", where Rivera operated. Rivera explained that the Army wanted more money than the police.

The report states that when asked for details of his links with military men, Rivera said the money was paid to Major Jorge Morales Hidalgo, who was based in Ciudad Constitucion around early 1994; to his boss, Colonel David de Vinatea Cornejo; and to Major Agustin Tafur Urbina, also known as "Orangutan," who was commander of the Iscozacin base until February 1995. The money was taken by "Chino Pana" or "Piguicho" to "El Gato" who, in turn, distributed the money among the military, police, and civilian authorities.

When the attorney demanded that Rivera reveal what he knew about the people he bribed, he said "I can only identify some Peruvian Army and Iscozacin civilian authorities." Rivera also explained that "when a shipment of drugs was to be sent from airports near Ciudad Constitucion, there was prior coordination to ensure Army and police personnel were confined to barracks, leaving in the clear the river along which the drugs were taken to the planes."

The report states that, based on statements by Col. David de Vinatea and Major Jorge Morales, attorney Cordova concluded that Commander Jose Peralta Salas Guevara, General MacDonald Perez Silva and Gen. David Jaime Sobrevilla allowed their subordinates to deal with drug traffickers because "they did not provide the necessary intelligence and logistic support" to do their job efficiently.

Lima LA REPUBLICA in Spanish on 12 Nov, pages 20 and 21, carries a 1,600 report by Angel Paez on the fact that President Alberto Fujimori—based on a report by the National Antidrug Directorate and overlooking investigations by attorney Juana Cordova de los Santos and Judge Cesar Herrera Cassina—has declared two generals, one colonel, one commander, one major, one captain, two lieutenants, and one corporal innocent of charges that they received payments for protecting drug kingpin Abelardo Cachique Rivera.

The report mentions that investigations by the media confirmed that military men stationed in the Pichis

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and Palcazu River valleys protected Rivera. This was confirmed by Rivera himself, who told Cordova that it is not true that the countersubversive base in Iscozacin, where he operated, was moved because it was no longer necessary. He said that although terrorist activities had decreased significantly, drug trafficking still continued when the Army base was moved in June 1994. Rivera commented that one of the military men's jobs was to fight drug trafficking and that he continued to pay them protection money until he was arrested. Rivera said that since 1993 the military officers and subordinates of the military bases in Iscozacin and Ciudad Constitucion were bribed by the drug mafias. Gen. David Jaime Sobrevilla, the Mantaro Front commander, and Gen. MacDonald Perez Silva, his intelligence chief, knew about it but still decided to dismantle the Iscozacin base.

The report notes that subsequent events involving drug trafficker planes proved to Cordova that were still good reasons to maintain the military base in Iscozacin from where Rivera continued to freely send drugs to Colombia using an airstrip located next to the military base. He said he paid $25,000 per flight to the commanders of the Ciudad Constitucion and Iscozacin bases and $60,000 every three months to the high command of the Mantaro Front. He also revealed that last January Major Agustin Tafur Urbina, head of the Ciudad Constitucion military base, confiscated all his belongings from the San Juan de Chuchurras farm because he refused to pay a pending debt of $45,000 for allowing a plane to take off. Rivera said he had paid $60,000, $40,000, $100,000, and another $60,000 to Gen. David Jaime Sobrevilla, also known as "El Abuelo."

The report quotes a National Counterterrorism Directorate report, saying that Rivera operated in the zone where countersubversive bases existed since 1980 until he was arrested on 5 June 1995 by Colombian authorities, so Fujimori could hardly assert that the military officers did not collect protection fees because they must have known about the trafficking there. The report adds that the charges against military men are not an orchestrated campaign against the Army, as Fujimori has suggested, but the result of judicial investigations. It adds that obviously neither the government or the military institution is willing to punish those corrupt officers.

The report ends by mentioning that only one military officer, Lieutenant Werner Huamani Tipismana, also known as "Ninja," whose subordinates murdered eight traffickers without him giving the order, was sentenced by the Military Court to 12 years imprisonment. After noting that the 250 kg of drugs seized on that occasion were sold by Huamani's commanders, the article recalls that he was held as an example of exemplary punishment for a delinquent when in truth he is a hero of the war against subversion as stated by the Army itself.

Officers Received Payments From Drug Traffickers

PY0412180095 Lima LA REPUBLICA in Spanish 22 Nov 95 p 2

[FBIS Translated Text] Judicial sources on 21 November reported that testifying before judge Cesar Herrera Casina, Second Lieutenant Mario Garcia Arroyo, aka Otto, admitted that various Army officers from the Ciudad Constitucion Countersubversive Base and the Huallaga Political Military Front had received "contributions" from the trafficking gangs.

Garcia Arroyo said that between June and September 1994 he was sent to the Ciudad Constitucion Base to identify and determine whether the officers known as Josue, Baron, El Abuelo, Ivan, and Negro, among others, received money from drug traffickers as noted in various intelligence reports.

He told the judge that Colonel Antonio de Vinatea Cornejo, aka Josue, Majors Jorge Luis Morales Hidalgo, aka Negro or Perro Rabioso, and Agustin Tafur Urbina, aka Ivan or Orangutan, are among the military men who received contributions.

The Supreme Court of Military Justice had leveled charges to an Oxapampa judge against Garcia Arroyo for his alleged involvement in drug trafficking, apparently in an attempt to silence him.

Prosecutor Juana Cordoba and judge Herrera Casina have not included Garcia Arroyo in the group of 11 officers charged with supporting the illegal activities of drug trafficker Abelardo Cachique Rivera, aka El Negro.

Garcia Arroyo stated that Morales Hidalgo had released four drug traffickers who were arrested by a military patrol near Ciudad Constitucion.

He added that Morales Hidalgo and De Vinatea Cornejo, the head of the Ciudad Constitucion Countersubversive Base, were close friends of Milagritos Reategui Achin. She was the connection between Cachique Rivera and the military men for the payment of contributions that amounted to thousands of dollars.

Garcia Arroyo said: "At dawn on 23 August 1994, I headed a military patrol that captured four drug traffickers in the Las Lomas area, three hours from Ciudad Constitucion. They carried 17 kg of cocaine, $245,000, an UZI submachine gun and a large quantity of ammunition that they tried to conceal in the forest."

He noted that the arrest was prompted by "information" provided by an alleged drug trafficker, who said that the action would help to uncover Morales Hidalgo.

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Going on with his thorough report, Garcia Arroyo said that after the arrest and confiscation of the important shipment, he reported the case to the chief of the base, asking support to transfer the detainees and the drugs to Ciudad Constitucion.

He said: "De Vinatea sent Morales Hidalgo, who took charge of the operation as soon as he arrived, and I had to obey his orders because of his military rank. From that time he assumed the control and I have to fully obey him."

Garcia Arroyo said that Morales Hidalgo held a brief talk with the detainees and after firing a shot to the air, he ordered them to flee.

It has been asserted that Garcia Arroyo submitted the respective report to his chiefs as he was ordered to do so, but this fact was silenced by the Army.

However, the drug traffickers themselves, including Nazario Lagos Huallpa and Maximo Taype Cordero, revealed the case. They reported to the Oxapampa police precinct that a group of military men held them up.

The police investigated the case and reported the true situation in communique No. 014-21-JPOXA dated 4 October and signed by the Oxapampa police personnel.

On 21 November judge Cesar Herrera also questioned Captain Alfonso Morales Hidalgo, who reportedly handed over to the court valuable information on the surnames and nicknames used by the military men in the emergency zone, and which could help to identify other corrupt officers.

A court source said that the military men refuse to declare as they fear a retaliation by the Army in case they involve a high-ranking officer. Despite this fact, progress is being made in the proceeding.

Budget Committee President Outlines 1996 Budget

PY0412174695 Lima LA REPUBLICA in Spanish 15 Nov 95 p 2

[FBIS Translated Excerpt] Budget Committee President Carlos Blanco Oropeza last night asserted that the Fisheries, Agriculture, and Industry Ministries, and the National Prisons Institute (INPE), will undergo a reorganization process in 180 days time.

The reorganization process will encompass administrative and operational sectors in keeping with the fiscal discipline and austerity that will characterize expenditures in various public sectors during 1996.

The Change 90-New Majority legislator added that public servants' salaries next year will be handled with austerity. [passage omitted]

Blanco asserted that no additional funds will be allocated for any ministry.

The judicial branch will be authorized to administer its own resources autonomously, earmarking 70 percent of the funds for salary adjustments or bonuses, 20 percent for operational expenditures like the purchase of goods and services, and 10 percent for investments.

Asked if this will cover the judicial branch's request for a budget increase, Blanco said no, because most of the addition funds requested by this branch were for the application of Article No. 186 of its organizational law to standardize the salaries of all personnel, which meant at least another 450 million soles.

Regarding the amendment of the executive branch's draft bill, Blanco said some changes were made such as in the use of the judicial branch's own resources. [passage omitted]

Carlos Blanco said the budget is based on the projected income for 1996. In this sense he said he thought the "bill respected the fiscal balance, the key issue of the Peruvian economic program of the past few years."

Blanco was asked if there is any chance of variations in the fiscal income. He said the supplementary credit mechanism would cope if income increased and, should that happen, next year (in three, six, nine months time, or at the end of 1996) supplementary credits may be approved if the necessary revenues exist. If this is not the case, it would be irresponsible to budget expenditures we are sure the government will not make.

He stated, however, that with the allocated funds a series of activities will be carried out to keep all functions of the judicial branch operational as well as those of other sectors.

He said tax collection, unfortunately, is still the problem.

Blanco explained that domestic financing has not been obtained and that "the possibility of the government issuing bonds to obtain additional resources has been assessed but this, however, has not yet been possible."

He explained that bill proposes less foreign indebtedness than originally expected.

He said that because of these two factors, and the internal indebtedness, it has not been possible to attain the necessary income or resources to cover expenditures and investments.

Asked if next year will be austere and if the government will be able to increase the minimum salary, Blanco said he believes during the coming five years the government's policy must be based on austerity and fiscal discipline. [passage omitted]

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Reorganization of Judicial Branch Viewed

Pantoja Views Bill

PY0212011195 Lima LA REPUBLICA in Spanish 20 Nov 95 p 4

[FBIS Translated Excerpt] Supreme Court President Moises Pantoja said the draft bill to reorganize the judicial branch is "quite good." Pantoja drafted the original draft bill that was submitted to Congress.

He added: "With this tool the first steps can be taken to change the poor image that this institution, which has the important job of administering justice, has acquired over the years."

He said it is his moral duty to submit this draft bill that also seeks to obtain "pending" foreign aid for the judicial branch.

Pantoja said: "It is no secret to anyone that justice has been administered in a slow and inefficient manner, and this is why radical changes are needed."

He said that once this law is promulgated it will allow the evaluation of all personnel—from auxiliary personnel to justices—so that deficiencies in the judicial branch may be eliminated.

He explained that the first who must pass this exam are, precisely, the auxiliary personnel and clerks, because they are the "right-hand men" of the justices.

Pantoja said: "The justices will also be assessed, but not immediately." [passage omitted]

Congress Approves Law

PY0412174595 Lima EXPRESO in Spanish 18 Nov 95 p A2

[FBIS Translated Excerpt] The judicial branch's administrative reorganization law, contrary to the bill proposed by Supreme Court President Moises Pantoja, places the reorganization process in the hands of the Supreme Court. The law, which was approved by Congress yesterday during a plenary session, is welcomed in judicial circles.

The approved law creates an Executive Committee—comprising the alternate members of the Supreme Court Constitutional, Civilian, and Criminal Courts—to assume the functions and jurisdiction of the government organs and the proceedings carried out by the Supreme Court. Consequently, the judicial branch Executive Council, as well as the power of the General Management, is eliminated. [passage omitted]

According to a commentary overheard at the Justice Palace, Pantoja—in his drive to eliminate the Executive Council—lost the power to head the Supreme Court because he has no participation in the Executive Committee approved by Congress.

However, according to a document distributed to the media, the other alternate members who obstructed Pantoja's activities were not included in the committee either. [passage omitted]

Members of the judicial circle also praised the post of executive secretary, which was also created by the approved law. The person to occupy this post will be appointed by the Executive Committee. It is stated that to the extent that they continue to exercise their jurisdictional functions, the presidents of the Supreme Court chambers who will comprise the mentioned commission will lack time to manage the Supreme Court. Thus, the creation of the Executive Secretary post is considered appropriate. [passage omitted]

Another aspect of the law that prompted commentaries by judges and alternate members was the power of the Executive Committee to grade and evaluate the personnel of auxiliary and administrative branches of the Judicial Branch, as well as to draft and approve the Supreme Court's Organization and Functions Regulations as well as draft bills submitted by the Emergency Consultative Committee.

Lastly, the law also creates an Emergency Consultative Committee, made up of the presidents of the Lima, La Libertad, Ancash, and Arequipa higher courts, a representative of the Law School of Lima, and two representatives of the Law schools of the remainder of the country, a representative of the Lima Bar Association, two representative of the bar associations from the remainder of country, and the coordinator of the Technical Cooperation Unit of the judicial branch. Judicial circles also welcome the creation of this Consultative Committee.

Executive Committee Installed

PY0112232895 Lima EXPRESO in Spanish 23 Nov 95 p A6

[FBIS Translated Text] The executive committee that will reorganize, administratively, the judicial branch was installed yesterday at the Supreme Court of Justice in the presence of all Supreme Court justices.

This committee comprises the president of the Constitutional Court, Victor Raul Castillo Castillo; of the Civil Court, Lino Roncalla Valdivia; and of the Criminal Court, Pedro Iberico Mas. The committee will act as a collegiate organization.

It was reported that the procedure to be followed to designate the executive secretary of the committee will

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be established within the next few days. This secretary will handle the budget and the economic administration.

The committee's first task will be to evaluate and rationalize personnel in the administrative area and then prepare rules for the judicial hierarchy.

Uruguay

Mexican Foreign Relations Secretary Arrives for Visit

PY0412180695 Madrid EFE in Spanish 1734 GMT 3 Dec 95

[FBIS Translated Text] Montevideo, 3 Dec (EFE)—Mexican Foreign Relations Secretary Jose Angel Gurria Trevino arrived today in Montevideo to begin an official visit to Uruguay as of 4 December. During his stay he will meet with President Julio Maria Sanguinetti and other officials.

Political, economic, and trade relations between Mexico and Uruguay will be evaluated during the Mexican foreign relations secretary's stay.

Diplomatic spokespersons have announced that Gurria Trevino will give a conference on his country's foreign policy.

On 4 December, the Mexican foreign secretary will have breakfast with directors of the Uruguayan Chambers of Industry, Commerce, Exporters, Businessmen, and Bankers.

Afterward he will meet with President Sanguinetti; Uruguayan Foreign Minister Alvaro Ramos; Education and Culture Minister Samuel Lichtensztejn, to whom he will hand a batch of books that have been donated by the Mexican Government; and with Montevideo Mayor Mariano Arana.

During the first day of his official visit, the Mexican foreign secretary will visit Congress, where he will be met by the International Affairs Committees of the Senate and the Chamber of Deputies, and afterward he will visit the seat of the Latin American Integration Association (ALADI).

On 5 December he will breakfast with personalities from the Uruguayan cultural sector, and later on he will meet with Economy and Finance Minister Luis Mosca and with Central Bank President Ricardo Pascale.

The Mexican foreign secretary's official visit to Uruguay will conclude on 5 December, and on that day he will participate in the inauguration of the Ninth Meeting of the Foreign Ministers Council, which includes the 11 countries that a members of the ALADI, which will close on 6 December.

Venezuela

President Closes Regular Sessions of Congress

PA0212022295 Caracas Venezolana de Television Network in Spanish 1630 GMT 30 Nov 95

[Speech by President Rafael Caldera on occasion of the closure of the 1995 regular period of sessions of Congress, from the Miraflores Palace in Caracas—live]

[FBIS Translated Text] Mr. President of Congress, Mr. Vice President, Mr. Vice President of the Senate, Messrs. Vice Presidents of the Chamber of Deputies:

Your informing me of the closure of the 1995 regular period of sessions of the Congress of the Republic reaffirms the institutional normalcy that exists in Venezuela. The country has given proof to the world of the strength of its democratic institutions. Amid all the circumstances we have had to face, we must see this as a very significant act.

Perhaps some people believed there could be an institutional collapse in Venezuela. Perhaps others believed that the movement of renovation and change the country is experiencing and which we must carry forward had to be based on ignoring the Constitution and the institutions created through a long process of refining and with the joint efforts of all Venezuelans. Today's event once again reaffirms that within the constitutional normalcy the country is aware of its problems and is determined to overcome them.

At this time I want to stress the executive branch's willingness to participate in a dialogue aimed at coordinating the work performed by the executive and legislative branches, which is necessary in order to offer the nation the solutions it demands. That is basically the purpose of the national dialogue the Congress of the Republic has wisely instituted with civilian institutions: reaffirming the need for solidarity, understanding, harmony, and joining our efforts and abilities in order to achieve our goals.

I believe, for example, that the problem of the fiscal deficit, the very good possibility of reaching a reasonable and honorable agreement with the IMF is not a matter that only concerns the executive branch. The legislative branch must comply with its responsibility. We are convinced that we can find the solutions through dialogue.

It is my hope that these matters and the most urgent legal actions will be undertaken and carried out with good intentions, good will, and bearing in mind exclusively our national interests. It will probably be necessary to call special congressional sessions in January. It

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is also my hope that within those special sessions a frank dialogue, inspired by the desire to find effective solutions will enable us to replace the current extended budget [presupuesto reconducido] by a new budget for 1996. Our goal must be opening the path to renew, within the real circumstances we are currently facing, the Venezuelan budget system, which has been accumulating errors and defects throughout the years. The current system contains some conditions that are difficult to change and face, and which therefore require adequate solutions.

Mr. President, Mr. Vice President, Messrs. Vice Presidents of the Senate and of the Chamber of Deputies: The country expects us to make great renovation efforts during the present constitutional period. I would like to mention a few points, five of them, which I believe are of great importance at the present time. One of them is the commitment for constitutional amendments. I am convinced that the responsibility of conducting constitutional amendments in 1996 will be given priority. Those amendment will include reforms on the administration of justice, which is a clamor from all sectors of civilian society, the executive and legislative branches of the government, and the judicial branch itself. Highly qualified magistrates from an academic, professional and ethical point of view are also convinced—the same as we are—of the need to create extraordinary solutions. This may require constitutional reforms in order to transmit to the Venezuelan people the necessary confidence in the administration of justice, which is a key factor for the functioning of the rest of the institutions.

Another point is the serious foreign debt problem, which has become more burdensome for Venezuela due to previously signed agreements. This problem will affect us tremendously in 1996 and the years following this constitutional period.

The initiative that emerged from parliament itself for the creation of a fund to rescue the debt [fondo de rescate para la deuda] is a well-inspired, sensible, patriotic, and realistic initiative. I hope Congress will give it the proper treatment in the special sessions in order to open up this possibility, perhaps the only one capable of eliminating the foreign debt ghost that is hurting us considerably.

As for social security, you are all convinced of the need and urgency of its reform. The reform will require harmonic decisions from all branches of government, otherwise it would be impossible to correct the terrible damage inflicted on the social security organization throughout the years.

I must say that the social security topic has been discussed in a fruitful, silent, but active dialogue among the various sectors of society that have an influence in our economic life, especially the business and labor sectors. I am convinced that these organizations will soon find a solution with the participation of state representatives who have been permanently interested in the topic, which we will report to the legislative branch so that we can offer the country the solutions it needs in this matter.

In fourth place, we have the fundamental problem of education. It is fourth here, but first in importance in the country. It is fundamental for the future. We have the need to find new paths that demand, as an indispensable condition, the solution of certain economic problems which are increasingly difficult to resolve in view of the current situation.

The education sector cannot become a permanent struggle, a permanent labor dispute between teachers and the public sector, increasingly burdened by fiscal responsibilities. We must find truly patriotic solutions. We must put an end to this spectacle and to the pressures being exerted to alter the normal order of events. The suspension of activities in the various levels of the education sector is apparently the only perspective opened to the population, but we have to make education the fundamental pillar for the transformation of our country.

Finally, I would like to talk about the topic of reforms in the field of public administration. It is not a matter of doing a tailor's job, cutting here and cutting there, adding one thing and adding another, turning two or three ministries into a single one but maintaining the same vices, the same inefficient bureaucracy, the same sluggish procedures that adversely affect the administration.

We are determined to implement administrative reforms. To achieve this we need understanding, encouragement, and harmony in all sectors of the country, and especially, because of its importance, at the legislative branch.

Mr. President, Messrs. Vice Presidents of Congress, I must tell you that the faith we have in the country to which Congress President Eduardo Gomez Tamayo has referred by reminding us of Simon Bolivar's cry in Pativilca, encourages us, comforts us, and we hope that in this meeting we will get a message of faith, a message of conviction that we do have the indispensable elements to resolve our problems no matter how delicate and serious they may be. The Venezuelan people have the capability of rising to the occasion in the face of difficulties in order to take the indispensable measures every time problems emerge.

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Mr. President, Mr. Vice President of Congress, Messrs. Vice Presidents of the Senate and the Chamber of Deputies, I thank you on behalf of the executive branch, for this participation and I reiterate my faith and confidence that these roads will be traversed with determination, with energy, with democratic pluralism, and with the freedom we have to express our own ideas, but all moved by the firm purpose of pushing Venezuelan onward. Thank you very much. [applause]

Congress Ends Sessions Without Approving 1996 Budget

PA0312020595 Caracas Venezolana de Television Network in Spanish 1545 GMT 30 Nov 95

[FBIS Translated Text] The National Congress, consisting of the Chambers of Deputies and Senators, today closes its sessions without having approved the national budget for next year. Therefore, the government will have to implement this year's budget at least until the first quarter of 1996 when President Caldera, through its finance minister, will present a new budget.

The implementation of last year's budget again next year has prompted various reactions at the parliament. Jose Miguel Uzcategui, coordinator of the Democratic Convergence legislative wing, accused the legislative branch of causing this situation.

[Begin Uzcategui recording] We don't have a budget, because Congress did not legislate. It had the obligation to legislate and it did not do so, now blaming the government for having to implement this year's budget next year. [end recording]

However, deputies from other political trends expressed their opposition to the position of Miguel Uzcategui and expressed their own viewpoints.

[Begin recording] [Deputy Gustavo Torres] It is better to implement this year's budget for three months than to do so for an entire year. The reimplementation of the budget as such is bad and negative. This is not what Congress wanted. Regrettably, the government's intransigence, stubbornness, and blindness have led to this.

[Deputy Leopoldo Puchi, Movement Toward Socialism secretary general] The reimplementation of the budget stems from the need to draft an orderly budget for next year, a budget compatible with the new negotiations that are being conducted with the IMF.

[Deputy Mabelis Ponte] The 1996 budget increased ordinary spending and reduced investment spending. [end recording]

A set of other priority bills has also not been approved. These include the Tax Code Bill, which may have contributed approximately 700 billion bolivares to the state treasury.

Budget Decree 6 Dec

PA0312020495 Caracas Venezolana de Television Network in Spanish 1545 GMT 30 Nov 95

[Report by Zayda Pereira]

[FBIS Translated Text] The Council of Ministers will reportedly approve next Wednesday a decree to reuse this year's budget next year. Beginning that moment, there will be four months to discuss the government's adjustments and the recommendations of Congress.

Basically, the adjustments to the oil, fiscal, and special revenues will be studied for the reimplementation of the budget, as well as changes in spending. The estimated price of oil per barrel has been set at $13.50, while dollars will be calculated at 170 bolivares.

For the sales tax, the 12.5 percent estimate will be maintained, prioritizing education, security, health, and subsidies.

[Begin Rodrigo Peraza, director of the General Budget Office, recording] If finally the Congress does not approve a budget before 31 March, the reimplemented budget will become the official budget for all of 1996.

This would bring about some inconveniences because a large part of the year we would be running the government on additional credits. [end recording]

Rodrigo Peraza also stressed work is already being done on the 1996 budget and even the 1997 budget, which will have to be presented before next June.

Government Officials View 3 Dec Regional Elections

'Electoral Abstention' Noted

PA0512041995 Caracas Venezolana de Television Network in Spanish 0200 GMT 5 Dec 95

[FBIS Translated Text] The Venezuelans showed their civic spirit on Sunday [3 December] by electing regional authorities. Despite the abstention that characterized these elections, members of the cabinet believe the elections were a success because they strengthened democratic institutions. Here is a report by Pedro Prado:

[Begin recording] [Prado] For Justice Minister Ruben Creixems, the fact that there is discontent among the people and that they did not go to the polls does not mean they are against the democratic system. The

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problem of electoral abstention has its origins in the lack of leadership.

[Creixems] In some cases I think abstention is a sign of protest while in others it is a sign of disillusion and lack of enthusiasm, and even of neglect in other cases. Nevertheless, it will not be an option if those who are elected show their capability and their real love for the country. That abstention will begin to go down.

[Prado] Although it is feared the abstention rate was more than 60 percent, Interior Minister Ramon Escovar Salom maintains reservations about the electoral abstention.

[Escovar] We are going to study the meaning of that abstention, its scope, and compare it to previous figures. This must be done. Such a study has not been undertaken.

[Unidentified female reporter] Did democracy win yesterday?

[Escovar] I think so. I think democracy won because this was a peaceful, free, and democratic exercise.

[Prado] Federal District Governor Asdrubal Aguiar said he was satisfied with yesterday's election, adding that the abstention should not be worrisome because the important thing is the strengthening of the system for everyone's benefit.

[Aguiar] In the particular case of Caracas, what is the reason for the high abstention rate? Perhaps I am mistaken or maybe I am not, but in Caracas' case, one voted with a single ballot for mayor and council members. One did not elect legislative assembly deputies or governor. I continue to maintain that a metropolitan regional authority must be created for the country's capital. Such a regional authority would be elected by the people.

[Prado] The justice and interior ministers and the federal district governor share the view that aside from the arrests of some individuals who violated legal provisions, nothing tarnished the electoral process. [end recording]

People Urged To 'Remain Calm'

PA0412190695 Caracas Venezolana de Television Network in Spanish 1545 GMT 4 Dec 95

[Report by Fernando Porte]

[FBIS Translated Text] [Porte] Thank you, Franklin Villasmil. The Plan Republica continues and practically 90 percent of the schools have been turned over to students and professors. Approximately 10 Venezuelan Air Force planes are transferring to the electoral centers all the envelopes containing the tally sheets including the results from the polling station boards of the elections for governors, mayors, councilmen, and members of the neighborhood councils.

We should point out that the Plan Republica Commander Raul Salazar emphasized, and has again confirmed that fewer than 80 people have been arrested throughout the country, and none of those arrested is a policeman. The arrests have been for domestic causes—drunk people carrying weapons without a legal permit. Now let us turn to a news conference which is currently taking place with Dr. Rafael Lander, the first vice president of the Supreme Electoral Council [CSE].

[Lander] Only the official results issued by the principal polling station boards are the ones that will tell the definite truth about what has happened in each of the Venezuelan States. That is why people have to remain calm in those states where the voting has been very close, because anything can happen in those states. That is, the projections may be correct, or they may not be correct. That means we have to wait for the last vote to be counted in those states where the votes were very close to determine a winner. That is why I invite the people of the states where the voting is very close, where two candidates claim victory, to remain calm and trust their CSE, in their principal neighborhood polling station boards, until the definitive results—which come from the last official bulletin of that respective polling station board—are given.

[Porte] Those were the words of one of the CSE's vice presidents. There are two things we should emphasize included among the issues he pointed out: One, please pay very much attention to what the president, or vice president said, because we often have to read between the lines—until the last vote is counted, the projections in those towns of states could be wrong, because many parties have claimed governorships which they have not yet won. This has occurred in very few states, but it is happening that the tallies are determining that some who claimed victory are not the winners. That is occurring in very few states, but it is occurring. Another point that the CSE's first vice president made in that the results of the mayor's and municipality's elections in Libertador Municipality will be ready tomorrow. This is all the information from the CSE. Back to you, Franklin Villasmil.

[Villasmil] Thank you, Porte from the CSE. Continuing with the elections news report, President Rafael Caldera, on national television, expressed his satisfaction for the conduct of the Venezuelan people during these elections. However, Caldera expressed his concern for the high level of absenteeism registered during these

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elections. In his speech, the president added that the number of voters who went to the polling booths will stimulate the guilt of those who did not vote, and that in the next elections they will vote, convinced that they are serving the country's highest interests.

President Caldera emphasized the efficiency of the Plan Republica and urged those participating in the elections to accept the election results, and to understand that the act of governing in coordination is as important for them as it is for the central government.

[Begin Caldera recording] The administration is willing to conduct these discussions without discrimination of any kind, to try to achieve fundamental harmony with everyone—of course, respecting everyone's thoughts and ideas—but placing above all these differences the fundamental interest of our nation. In January, I plan to convoke a national meeting of governors, once the newly elected governors have taken office. I hope that this convention will not be a place for diatribe, conflict, or for useless discussion, but a meeting to achieve solid commitments between the different branches of the government, and with the mayors, because the municipalities are an integral part of the state institutions, which have a fundamental role in the solution of issues, and in satisfying collective needs. [end recording]

CSE Concerned With Results

PA0512043595 Caracas Venezolana de Television Network in Spanish 0200 GMT 5 Dec 95

[Report by Fernando Porte]

[FBIS Translated Text] One way to prove the legality of elections is to have the Supreme Electoral Council [CSE] directly examine the figures on the electoral certificates. To this end, CSE First and Second Vice Presidents Rafael Lander and Jose Azpurua respectively have traveled to the countryside to personally supervise certain electoral results.

Doctors Lander and Azpurua are on a strictly routine trip to supervise the post-electoral process, 90 percent of which is virtually completed, and to give the CSE a presence in Anzoategui, Lara, Nueva Esparta, Barinas, Bolivar, and Zulia States.

[Begin Lander recording] We are going to meet with candidates who are disputing various governorships where the vote is very close, to assure them that the CSE will ensure that the results will solely and exclusively reflect the will of the voters at each table. [end recording]

The Republic Plan is already in its final phase. A fleet of 10 Venezuelan Air Force airplanes are distributing various electoral documents to their destinations throughout the country. Among these documents are the overall election results.

General Raul Salazar, commander of the Republic Plan, broached the issue.

[Begin Salazar recording] I can tell you that the people have set the best example. They have shown maturity, as I always said. This was not the first time the Venezuelan people have voted; nothing has ever happened in the past, why should it happen now? [end recording]

It is expected that by the end of this week the winners will be acknowledged as such by the main electoral board, thus marking the end of the process. On Tuesday the main electoral board will definitively disclose the final vote count for Libertador Municipality, where one man lost and honorably conceded and the other claimed victory without displaying any self-centeredness.

Minister Denies Currency Exchange Rate Proposal

PA0212014195 Caracas Venezolana de Television Network in Spanish 0200 GMT 1 Dec 95

[FBIS Translated Text] Development Minister Werner Corrales denied today that the government had proposed establishing an exchange rate of 280 bolivares per dollar. The denial was made by Corrales in the Miraflores Palace, where he emphasized that the national government was working on a consensus program whose commitment will be the basis for moving forward in economic matters.

[Begin Corrales recording] A [word idistinct] program in an integral program which will not only make an adjustment, but which will also make the structural changes needed so that the country—in addition to an adujstment—will have the possibility of keeping the economy stable, and will once again allow development along that path, which it seems we abandoned 16 years ago when this crisis began. [end recording]

Central Bank Sells Bonds Worth 49.9 Billion Bolivares

PA0312180595 Caracas ECONOMIA HOY in Spanish 30 Nov 95 p 11

[Report by Cecilia Meza]

[FBIS Translated Text] The Central Bank of Venezuela (BCV) yesterday sold 49.949 billion bolivares worth of Monetary Stabilization Bonds (TEM), which represents 79.8 percent of the total amount of the bond issue sale made by BCV, 65 billion bolivares.

The total sold yesterday involved 88-day bonds and there were no bidders for the second consecutive week

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for the auction of 179-day maturity bonds, for a total of 5 billion bolivares. According to some analysts, right now these bonds are not attractive enough for investors because an economic adjustment is expected and traders do not want to keep their capital committed for such a long period of time.

The payment date for both the capital and interest on the 88-day bonds, which become due right on 29 February of next year, will be one day later. These bonds were placed at a 45.01-percent nominal interest rate and were sold at an average weighed price of 99.6889 percent. The price resulting from the adjudication is slightly smaller than that of the preceding week, when these bonds were placed at 99.7278 percent and at a nominal 43.77-percent interest rate. The average effective interest rate of these bonds in yesterday's auction reached 46.43 percent, representing a 3.12-percent increase over the effective yield 88-day TEMs had in last Wednesday's session.

Meanwhile, interest rates are still controlled, with the minimum fixed interest rate at 24 percent and the maximum floating interest rate at 46 percent since the BCV established the current plan through Resolution No. 35,731, dated 14 June. The resolution establishes that the BCV is the only entity that can make changes to interest rates. According to information compiled by the BCV, floating interest rates of the main banks went up by 0.39 percent, going from 43.07 percent on 3 November to 43.46 percent on 10 November. Meanwhile, interest rates on 90-day term deposits of the main banks increased by 0.38 percent, going from 29.68 percent on 3 November to 30.06 percent.

Ministers Propose Further Devaluation of Currency

PA0412172695 Caracas EL NACIONAL in Spanish 30 Nov 95 p E1

[FBIS Translated Text] Members of the economic cabinet, who last night met with Venezuelan Petroleum, Inc. technicians and Andres Caldera, minister of the Secretariat of the Presidency, reviewed the Venezuela Agenda and decided to propose a devaluation that would leave the rate at 280 bolivares to the dollar, urge the approval of a tax package, and include in the Executive's agenda the signing of a preliminary agreement with IMF on 15 January.

At the end of the meeting, the need to take this agreement to President Caldera for final approval was agreed.

The Venezuela Agenda points essential for an agreement with IMF included a package to raise the sumptuary and wholesale taxes to 16.5 percent and re-establish the bank loan tax, with a rate between 1 and 2 percent.

The rest of the adjustments and final terms of the agreement with IMF will be discussed next year and executed in the next three years.

Other measures in the adjustment agenda include revising the bank interest rates to put them at higher-than-inflation levels to preclude the flight of deposits and inflation because of the excessive demand for goods and services.

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